Daily Report

Latin America

FBIS-LAT-92-172
Thursday
3 September 1992

Daily Report
Latin America

FBIS-LAT-92-172 3 September 1992

CONTENTS

NOTICE TO READERS: An • indicates material not disseminated in electronic form.

FRONT PAGE

CARIBBEAN

Cuba

Castro, Education Minister Open School Year *[Havana Radio]* 2
Second Defense Preparation Period Begins *[Havana TV]* 2
Priority Sugar Sector Tasks in Sep Noted *[Havana Radio]* 2
Uprooting Corruption Essential to Social Defense *[Havana Radio]* 2
Trade Cooperation Accord Signed With Indonesia *[Jakarta Radio]* 3
School, Medical Solidarity Donations Received *[Havana Radio]* 3
Correction to Labor Justice Groups, Code Changes 3

Haiti

Senators Express Views on Washington Meeting *[Port-au-Prince Radio]* 3
Bazin Seeks Aristide Summit To Solve Crisis *[Port-au-Prince Radio]* 4
Bauduy Seeks Dismissal of Fiscal Authorities *[Port-au-Prince Radio]* 4
Senators Debate Files on 'Smugglers' *[Port-au-Prince Radio]* 5
Sansaricq Cited *[Port-au-Prince Radio]* 5
Civilians Clash With Military, Youths Arrested *[Port-au-Prince Radio]* 5

CENTRAL AMERICA

El Salvador

FMLN Signs Document To Become Legal Party *[San Salvador Radio]* 6

Guatemala

URNG Claims Government 'Hardened' Position *[SIGLO VEINTIUNO 1 Sep]* 6

Honduras

Armed Forces Chief on Alleged F-5 Planes Sale *[Tegucigalpa Radio]* 6
Callejas Comments on Rumors *[Tegucigalpa TV]* 7
DEA, U.S. Embassy 'Interference' Viewed *[Tegucigalpa Radio]* 8

Nicaragua

Presidency Issues Communique on Tidal Wave *[Managua Radio]* 9
Chamorro Authorizes Sale of Army Helicopters *[LA PRENSA 1 Sep]* 9
Protesters Seize Welfare Offices in Matagalpa *[Managua Radio]* 10

Panama

Endara Opens 4th Legislative Session *[Panama City TV]* 10
Ford: Prisoners' Release Not Part of PRD Pact *[Panama City TV]* 15
Amnesty Said Behind Vote *[LA PRENSA 2 Sep]* 16
Alliance Criticized *[LA PRENSA 2 Sep]* 16

Politicians on Elections *[Panama City Radio]* 17
Zarak Election Criticized *[EL SIGLO 2 Sep]* 17
Assembly Situation Viewed *[LA PRENSA 2 Sep]* 18

SOUTH AMERICA

Argentina

Justicialist Party Faces 'Uphill Battle' *[BUENOS AIRES HERALD 2 Sep]* 19

Brazil

Farias Calls CPI Report 'Big Fabrication' *[O ESTADO DE SAO PAULO 2 Sep]* 19
PC Reportedly Rejected Plan To Save Collor *[FOLHA DE SAO PAULO 30 Aug]* 20
Justice Minister Says Resignation 'Best Thing' *[O ESTADO DE SAO PAULO 2 Sep]* 21
Calls For 'Collective Penance' *[O ESTADO DE SAO PAULO 31 Aug]* 21
Franco Releases Statement; Exercises Caution *[O GLOBO 1 Sep]* 22
Franco Would Implement Parliamentary System *[O GLOBO 31 Aug]* 23
Advisers View Economic Potential Under Franco *[O ESTADO DE SAO PAULO 31 Aug]* 23
Chamber Accepts Petition; Calls Special Session *[Brasilia Radio]* 24
Deputy Pinheiro Comments *[Rio de Janeiro TV]* 24
Farias, Vieira's 'Preventive Custody' Requested *[Rio de Janeiro TV]* 25
Collor Did Not 'Effectively Refute' Report *[O GLOBO 1 Sep]* 25
Magalhaes Reasserts Position Against Impeachment *[O ESTADO DE SAO PAULO 2 Sep]* ... 25
Army Minister Confirms Staying in Government *[O ESTADO DE SAO PAULO 2 Sep]* 25
Further on Fiuza's Support for Government *[Brasilia Radio]* 26
Da Silva Wants Resignation Before Impeachment *[O ESTADO DE SAO PAULO 31 Aug]* 26
Government Seeks Secret Vote on Impeachment *[FOLHA DE SAO PAULO 29 Aug]* 26
Poll Shows 'High Degree of Mistrust' in Collor *[O ESTADO DE SAO PAULO 2 Sep]* 27
Economy Minister Gives 'Positive' Report *[Brasilia Radio]* 27

Chile

Aylwin Interviewed on Cabinet, Military *[Santiago TV]* 27

Colombia

Gaviria Will Not 'Evade Responsibilities' *[Santa Fe de Bogota TV]* 28
Report on Production, Other Economic Indicators *[EL TIEMPO 27 Aug]* 28

Peru

Fujimori Cancels Trip to Nonaligned Summit *[Lima TV]* 29
British TV Airs 'Shining Path Propaganda' *[EXPRESO 18 Aug]* 29

Brazil

O ESTADO DE SAO PAULO reports that Justice Minister Borja said the "best thing for a public figure accused of corruption to do is to resign" and he "shared the views" of those who consider President Collor's resignation as the "least traumatic gesture to overcome the crisis." The act of resignation, he said, "is not cowardly or diminishing, it is something unilateral that cannot be imposed." Borja reiterated his intention to leave his post after the vote on impeachment and there is "no scenario that will make me stay," not even a "personal request from Collor."

Paulo Cesar Farias, in an "exclusive" interview with O ESTADO DE SAO PAULO, stated he still has "the highest respect" for Collor. As for the charge that he paid some of the president's bills, Farias said he "occasionally made loans" to Claudio Vieira, former private secretary of the president, but he "never asked him how he would use the money." Farias believed the president would not "lose his office" for he is "an obstinate man" and he "is in no way involved in this process." In addition, Farias claimed the CPI "did not produce any evidence" to prove Farias withdrew money prior to the implementation of the Collor plan and that, in fact, "everything in the CPI was a big fabrication."

Nicaragua

Managua radio reports on a government communique issued on the tidal wave that swept over the Pacific coast on 1 September. The government has formed an "Emergency Committee chaired by President Violeta Barrios de Chamorro who worked through the night to assess the damage sustained by the inhabitants..." The government calls on donor countries of the international community to help during this national emergency.

LA PRENSA reports that President Chamorro confirmed that "she authorized the Army General Command to establish negotiations with the Peruvian Armed Forces to sell approximately 20 Soviet-made MI-17 and MI-25 helicopters." The government estimates the sale to be worth $20 million.

El Salvador

San Salvador Radio Farabundo Marti announces that during the evening of 1 September the "Farabundo Marti National Liberation Front [FMLN] signed the official document that transforms the movement into a legal political party." Commander Jorge Shafik Handal pointed out that the FMLN "will continue to be a revolutionary party."

Cuba

Castro, Education Minister Open School Year

FL0209151092 Havana Radio Rebelde Network in Spanish 0900 GMT 2 Aug 92

[Text] Upon declaring open the 1992-93 school year in the capital, Commander in Chief Fidel Castro stated: We can say that, despite our many current difficulties, not a single teacher or professor has been left without a school, nor a single child or adolescent without a teacher this school year. This shows our people's fighting spirit and energy, and what kind of respect it deserves.

The national ceremony opening the new school year took place at the Ejercito Rebelde Polytechnic Institute in the capital, one of the eight educational centers opened this year.

Fidel congratulated the builders of the center, saying they had worked the way one needs to work in times such as these. He also expressed regret at having had to temporarily freeze certain social and educational projects in order to give priority to the food program.

Education Minister Luis Ignacio Gomez also spoke, saying that during the new school year, more than two million students will be attending classes, and that the nation's almost 290,000 teachers are guaranteed employment. Gomez said the fundamental goal of education is to educate children and youths to a concept of work as well as to train them for work, by means of both agricultural work in rural areas by students and teachers as part of the learning process and by having schools in rural areas, work in the self-sufficiency plots, and other such things.

After pointing out the fact—a positive one—that this year 60 percent of graduates of the preuniversity schools will go into polytechnical study fields, Gomez reported on the increase in the number of vocational schools.

Second Defense Preparation Period Begins

FL0209150392 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 2 Sep 92

[Text] The second period of preparation for defense has begun in the Revolutionary Armed Forces [FAR] and among the population. On the first day, the political, military, and specialized instruction given to FAR troops included extensive information. Sergeants and soldiers were given extensive information on the principal activities and tasks for this period. Various demonstration areas were set up in the different combat units. Both old and new soldiers were able to see the weaponry, techniques, and [words indistinct] train as of today. They were also given information on the plans for self-sufficiency and on the characteristics of the rustic transportation that will continue to color life in the units. Division General Leopoldo Cintra Frias was present when the members of a large Western Army tank unit reaffirmed their competitive commitments.

Priority Sugar Sector Tasks in Sep Noted

FL0209222392 Havana Radio Rebelde Network in Spanish 1700 GMT 3 Sep 92

[Report by Diosdado Maso]

[Text] The repair of the sugar refineries and the weeding and planting of the cane are the nation's sugar sector's two most important tasks for September. Maintaining the transport system, the collection centers, the causeways, and each and every one of the pieces of equipment used in the sugar harvest are part of what people have taken to calling: preparation of the next campaign. This year, this work began as soon as the agricultural-industrial complexes of the sugar sector finished the activities connected with the last harvest.

As of right now, we are behind with the repairs. In certain provinces and mills, this is due to the fact that the last harvest had to be prolonged; at others, to a lack of supplies caused by the special period. This year, the sugar industry will have to redouble its efforts at more than 40 sugar refineries, although the total of the [words indistinct] that we have available to us will be reviewed. This year, the biggest jobs, in terms of repairs, will be in the alcohol-producing areas, where new boilers will be installed; the refining area; and the electrical sector at the refineries. This is already being anticipated because the refineries will have new electric plants and generators.

All provinces are behind schedule as regards repairs. The only exception is the province of Cienfuegos. To date, Cienfuegos has reached 25 percent compliance with its plan.

Repairs to the sugar refineries will this year undoubtedly be the most difficult to make in the history of the sugar industry. Innovators' initiatives and a rational and timely use of each resource available will be the only path that will lead us to success.

Uprooting Corruption Essential to Social Defense

FL0209183392 Havana Radio Progreso Network in Spanish 1100 GMT 2 Sep 92

[Commentary by Nestor Nunez]

[Text] Much has been said about social defense methods and procedures; but what is truly objective is that the cleanliness of the surroundings and its social expression constitute an imperative requirement in projects where man and his total development are the center of the community. We see this in the frustrated socialist experiments of Eastern Europe where moral degradation was allowed, where codes of conduct were violated, where honest work lost its value, and where businessmen, busybodies, and immoral and corrupt people became enviable characters: The floor cracked and the building collapsed. We would have to ask in such circumstances which values, ethics, behavior, and social conduct are taught to the new generation when a trafficker, or a dishonest official, or a semiliterate person with the soul

of a businessman could become a nouveau riche in a flash and, with his ill-gotten money, gain access to places an honest worker or an upright professional could not even approach.

It is true: The development of ethical and moral values requires that the surroundings be as clean as possible, a place where harmful attitudes, theft, misuse of resources, venality, and corruption do not have a chance against legal and social defense mechanisms. This is essential in order that honest work not lose its value in the eyes of younger citizens. Nor can serious efforts to develop and contribute with greater experience to the goals of the majority lose their value, despite the privileges and aberrant levels of living which any mediocre person with the soul of a busybody might acquire, or despite any clever fox who has among his main goals to rise like foam—no matter how—in order to enjoy the good life without the least [word indistinct].

As a result, social defense mechanisms must be extremely sharp, extremely watchful, and able to guarantee that whoever corrupts, violates, or abuses the collective moral and ethics will receive the resounding response he deserves. It is simply a matter of uprooting the virus before the fever spreads.

Trade Cooperation Accord Signed With Indonesia

BK0209113992 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 1 Sep 92

[Text] Indonesian Trade Minister Arifin Siregar has expressed the hope that economic and trade cooperation between Indonesia and Cuba will be improved. He is responding to the trade cooperation agreement signed between Foreign Minister Ali Alatas and his Cuban counterpart Ricardo Alarcon de Quesada in Jakarta yesterday.

On the possibility of making Cuba the country of transit for Indonesian goods to be exported to the Latin American countries, Minister Arifin says it will be difficult to do so because Cuba's economy is not market-oriented.

According to the trade data, the value of Indonesian exports to Cuba in 1991 reached US$317,600, while Indonesia's imports the same year were about US$116,800.

School, Medical Solidarity Donations Received

FL0209222592 Havana Radio Progreso Network in Spanish 1100 GMT 2 Sep 92

[Text] A donation of basic school supplies was presented on 2 September to Havana City's Government by members of Spain's Va Por Cuba solidarity group. Also, in the last few hours, workers of Holguin's Lenin Hospital received a donation of disposable medical supplies and medicine which was sent by the Friends of Cuba group in Salzburg, Austria.

Correction to Labor Justice Groups, Code Changes

FL0109170492

The following correction pertains to the item headlined "Labor Justice Groups, Labor Code Changes," published in the 1 September Latin America DAILY REPORT, pages 4-5:

Page 5, column 1, first partial paragraph, first full sentence make read: Another applicable measure is the partial or complete suspension of the right to receive performance pay [cobro] for up to one year. [new paragraph]

Article 7 of... (rewording, correcting vernacular);

First full paragraph, sentence one make read: ...also establishes in Clause F the loss of honors granted for meritorious work. Other measures do... (clearing indistinct word, rewording).

Haiti

Senators Express Views on Washington Meeting

FL0209154492 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 2 Sep 92

[Excerpts] In Haiti, opinions vary concerning the Washington meeting between the representative of ousted President Jean-Bertrand Aristide and the representative of consensus government Prime Minister Marc Bazin. Senator Rony Mondestin of the National Reconstruction Movement agrees with this meeting, which he says falls within the scope of the mission of the government. Sen. Mondestin hopes the government cannot negotiate [corrects himself] he thinks that the government cannot negotiate on its own behalf, but that it can negotiate for a solution that will come with a new government.

[Begin recording] [Mondestin] I think it is something good [words indistinct] within the scope of the negotiations. I think that [words indistinct] the de facto government. In compliance with its de facto mandate, its (?mission) is to negotiate a solution acceptable to all parties. It is not for itself that it will negotiate. It is important for the people to note that the mission of the government is to negotiate a solution. It is not the solution. It is another government that will be the solution, but not this one. [passage omitted] What is important to me is to negotiate, what is important to me is to continue to negotiate, to persevere in negotiations, to persevere in this path.

[Unidentified correspondent] So, you agree with the meeting?

[Mondestin] Certainly, I agree, I fully agree. The only thing I am saying again is that my problem is that I am afraid that the government might not apply to the letter the mandate which has been assigned to it. The mandate which has been assigned to it is not to negotiate its own (?legitimacy), it is to negotiate another solution, but not to negotiate [word indistinct] on its own behalf. This

means to resume the file of negotiations and then find a solution. If one has to find a solution, this means one is not the solution. [passage omitted]

I am not opposed to the Marc Bazin government because I consider it a transitional government. As a rule, logically, people do not oppose something transitional. It is something passing, something provisional [words indistinct]. I am not opposed to the government headed by Marc Bazin.

[Correspondent] Sen. Clark Parent, of the National Front for Change and Democracy, thinks nothing serious can result from this meeting because the Haitian crisis is so deep that Marc Bazin and Father [Aristide] cannot resolve it. The senator believes the whole system of the Haitian society is sick.

[Parent] The crisis is so deep that I am not expecting anything. Perhaps, it is the beginning, I can say it is the beginning of an open path that can result—at a certain time, not in the immediate future—in a solution; but I will not say that I am expecting something, because I think the whole system is in crisis. So I do not believe that the meeting of two people [changes thought] this meeting will bring a solution to the crisis. [passage omitted] Do not think the crisis is a question of Aristide or Bazin. I mean the entire system is in crisis. [passage omitted]

[Correspondent] Does that mean you do not believe a serious solution will come up for a quick way out of the crisis?

[Parent] My dear, I do not believe so. I think that what we should avoid are superficial solutions, that is, solutions that do not put a finger on the source of the trouble. [passage omitted] I do not know about the willingness of both sides but I think that [changes thought] I do not hope much. [end recording]

Bazin Seeks Aristide Summit To Solve Crisis

FL0209155092 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 2 Sep 92

[Text] The first day of negotiations between the main parties concerned in the Haitian crisis took place, as announced, on 1 September at the OAS headquarters in Washington in the presence of the secretary general of the organization, Baena Soares, who has agreed to play the role of mediator. This first day brought together consensus government Minister of Foreign Affairs Francois Benoit and the coordinator of the presidential committee formed by Father Aristide, namely Father Antoine Adrien. Yesterday's negotiations lasted two hours; but nobody knows what was discussed during that meeting, which was held in camera. The news we have obtained from the OAS office is that negotiations will resume at 1500 GMT on 2 September.

Whereas the whole of public opinion is awaiting the results of the negotiations, the prime minister considers the session [corrects himself] or the presence of Mr. Benoit in the discussions as a mission to determine the day, date, and conditions for a summit meeting between himself and the ousted president. According to a letter sent to the OAS secretary general four days before the beginning of the negotiations, the head of the consensus government said that only such a summit between himself and Father Aristide can produce a peaceful solution to the Haitian crisis so that real democracy can be established in the country. The prime minister, however, does not forget the consequences that the embargo has already had on the country's life. He therefore hopes the OAS secretary general will do his best to put an end to that measure so the negotiations can take place without difficulties.

Bauduy Seeks Dismissal of Fiscal Authorities

FL0209182992 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 2 Sep 92

["Report" on Senate session held in Port-au-Prince on 2 September—recorded]

[Excerpts] During the session held yesterday at the Senate, Senator Guy Bauduy presented a three-article resolution proposal including an article requesting the dismissal of the Haitian monetary authorities, namely Finance Minister Weiner Fort and Central Bank Governor Bonivert Claude. After much discussion, the assembly of senators approved the creation of a four-member committee to investigate the monetary authorities. Let us listen to Philippe Bien-Aime for more details.

[Begin Bien-Aime recording] Sen. Guy Bauduy, president of the Finance Committee of the upper chamber, presented at the 1 September session a multipoint resolution proposal requesting the rectification of the country's economy, the definition of the effect of the money ceiling, the control of purchase and sale of currency on the market, and the dismissals of the current monetary authorities, that is, Finance Minister Weiner Fort and Central Bank Governor Bonivert Claude. Sen. Bauduy accused the financial officials before the assembly of senators of having spent state monies wrongly and under bad conditions. The Southeastern senator, who does not recognize the authorities, requested their dismissals for mismanagement and creating an administrative mess. After much debate, the assembly of senators approved the resolution without the paragraph including dismissal of the finance minister and the director of the central bank. The assembly, however, decided to create a committee made up of Senators Rony Mondestin, Bernard Sansaricq, Firmin Jean-Louis, and Amos Andre. According to Sen. Amos Andre, the purpose of the committee is to investigate Sen. Bauduy's file and make the necessary recommendations to the assembly of senators. Vice President of the Senate [Andre] said that in the event the [results of the] investigation prove to be positive, the finance minister and the governor of the

central bank not only will be dismissed from their positions but also might be arrested. [passage omitted]

Let us note that this decision comes a short time after the legislature gave the monetary authorities the right to raise the money issuance ceiling by 500 million gourdes.

Senators Debate Files on 'Smugglers'

FL0209222892 Port-au-Prince Radio Tropic FM in French 1430 GMT 2 Sep 92

[Text] There was a heated session yesterday at the Senate. Senators censured and backed with figures, the papers and documents presented to other colleagues that support their files on the secret transactions which took place during the time of crisis from October 1991 to May 1992 when several million dollars were pocketed by well-known smugglers. During the session, Senator Bernard Sansaricq presented documents to justify [as heard] the files compiled against state dignitaries.

Sansaricq Cited

FL0309005292 Port-au-Prince Radio Metropole in French 1600 GMT 2 Sep 92

[Excerpts] A heated session was held in the Republic's Senate on 1 September. Several parliamentarians, including Senator Bernard Sansaricq, denounced certain illicit transactions which occurred during the crisis period. Resignac Ansy-Rose has the following report:

[Begin recording] [Resignac] The finance committee of the upper chamber, via Senate President Senator Guy Bauduy, has proposed a resolution following the finance minister and governor of the Central Bank's presentation to the Senate on 27 August. In this resolution, the Senate asks the executive to take some protective measures toward protecting the immediate interests of the nation in areas within the monetary authorities powers. It also asked the ministers council for a bill that will help decentralize the authorities and the stewardship of the governor of the Bank of the Republic of Haiti.

According to the conclusions of a economist senator, the Senate has not yet decided however, to hand down a vote of nonconfidence to current Finance Minister Weiner Fort and Governor of the Central Bank Bonivert Claude, despite their inability to handle the current economic crisis. Seven senators, including Julio Larossiliere, opposed the vote. Senator-quaestor Larossiliere thinks that the monetary authorities' presentation was extraordinary. [passage omitted].

That was not the opinion of Senator Bernard Sansaricq, who voted in favor of the nonconfidence vote. To justify his position, the Grand-Anse representative denounced the mismanagement of the authorities involved. The country is about to be sold, Bernard Sansaricq exclaimed, asserting that he has some documents which show certain dishonest transactions during the nine months of the embargo.

[Sansaricq] I told Prime Minister Marc Bazin that I had brought him some documents. The ships which have arrived went straight to private harbors. Many tons of sugar have arrived in franchise, 540,000 tons since you were sworn in. Every time a ship arrives, $3-4 million go into those people's pockets. Since you became prime minister, 2.5 millions bags of cement have arrived in the country and no customs fees were paid. I have some projects for my department. One percent of the population cannot control 50 percent of the country's wealth. I did not vote for you for those reasons. Up to 5 August, 2.5 million bags of cement were sold at $1.50 a bag and now they sell for $10.00 on the streets. I submitted a document to Prime Minister Marc L. Bazin on 5 August regarding all the transactions that had occurred. He promised to investigate the cases. I will not retract my vote of confidence from the prime minister yet, but I will retract my vote of confidence from the finance minister and the bank governor, who have allowed the Honorat government to squander the public treasury by about $300 million. Gentlemen, the facts speak for themselves. [passage omitted]

[Resignac] If, for Senator Sansaricq, the most important point of the resolution has been rejected, he did obtain, on the other hand, the formation of a special committee which will investigate the monetary authorities' management. [end recording]

Civilians Clash With Military, Youths Arrested

FL0309005092 Port-au-Prince Radio Metropole in French 1600 GMT 2 Sep 92

[Text] According to the HAITIAN PRESS AGENCY [AHP], several altercations occurred in Leogane over the weekend between civilians and military. One person was killed and seven others were injured during a military operation in the Lompre locality near Leogane. The AHP claims that the intervention by the authorities followed an altercation between civilians and the military. The cause for the incident was not revealed.

In Port-au-Prince, three young people, Yolette Etienne, Imelda Cesar, and Jean-Kedler Bazelais, were arrested on Avenue Pouplard on 1 September. According to AHP, they are members of the organization called Solidarity Among Young People, SAGE. They were arrested on the school premises which belongs to the organization. It is not known if they have since been released.

El Salvador

FMLN Signs Document To Become Legal Party

PA0309214092 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 2 Sep 92

[Report by Antonio Rivera]

[Text] During the evening of 1 September, amid loud cheers and in the presence of numerous spectators, the Farabundo Marti National Liberation Front [FMLN] signed the official document that transforms the movement into a legal political party. The main speech was given by FMLN Commander Jorge Shafik Handal, who pointed out that the FMLN, in essence, will continue to be a revolutionary party.

[Begin Handal recording] We are about to transform ourselves into a duly inscribed and registered political party. We will continue to be a revolutionary party. The main quality... [applause] The dominant quality of our party is precisely its revolutionary nature, as well as its democratic and pluralist character. Another fundamental quality of our movement is its proven will to fight for its ideals; its proven capability to put its words into action, as well as to transform its ideals into reality.

This is the beginning of a new phase in the struggle for democracy and social justice in our country. It is not until today that the democratic forces, of which we consider ourselves a part, and in which our country [words indistinct]. It is not as of now, and it is not going to be as of today that the democratic forces have resolved to lead the country to a democratic path, and toward democratic policies and elections. [sentence as heard]

We prefer to believe that the execution of the peace agreements is part of a single agenda that will be sufficient to create the necessary conditions to allow the Salvadoran people to exercise freely their will through elections that are really free, open, completely clean, honest, and truly democratic. The attempt to repeat the experience of the 1970's of transforming the elections into a mockery of the people's will would be a real challenge. We are sure the Salvadoran people would react accordingly to any attempts to repeat such an experience that led to a painful confrontation that cost us all a real effort to solve. [end recording]

Guatemala

URNG Claims Government 'Hardened' Position

PA0309033492 Guatemala City SIGLO VEINTIUNO in Spanish 1 Sep 92 p 3

[Text] The Guatemalan National Revolutionary Unity [URNG] on 31 August pointed out in a statement that "government positions have hardened at a time when everything pointed to the possibility of reaching the longed for overall agreement on human rights."

The URNG even warned that it cannot agree with unilateral statements by the parties on the mutual commitment to respect human rights.

In a fax sent to our edition, the URNG General Command highlights the results of the last round of negotiations held in Mexico 22-24 August.

It mentions, for example, that the overall agreement on human rights could not be signed as there are serious and conceptual discrepancies on fundamental aspects.

"Rather, the negotiators attempt to cover up the government's negative and backward attitudes and positions with regard to the human rights issue," the URNG stresses.

In addition, it is said that the first discrepancy can be found in the "commitment to respect human rights within the framework of the internal conflict" issue.

The statement ratified that the very essence of that issue is to obtain, through a political agreement, the immediate and efficient manner to do away with the sufferings of the noncombatant civilian population.

It stressed that it is unacceptable for the government to want to avoid a commitment between both parties on such an important and specific issue because this would imply removing the substance of the negotiations.

The bottom line, the document states, is that there is a lack of true willingness to recognize the URNG as a counterpart "that by fact and by right is recognized and it fulfills this role in the negotiations."

To conclude, it even mentioned that the government delegation did not accept the Conciliator's [Monsignor Rodolfo Quezada Toruno] proposal to discuss civilian sector participation in the peace process.

Honduras

Armed Forces Chief on Alleged F-5 Planes Sale

PA0309035992 Tegucigalpa Voz de Honduras Network in Spanish 2150 GMT 1 Sep 92

[Interview with Defense Minister General Luis Alonso Discua Elvir by unidentified reporters at Toncontin Airport in Tegucigalpa on 1 Sep—recorded]

[Text] [Discua] We hope that the will of the Honduran people will be respected in this country.

[Unidentified reporter] Do you think that there could be fraud in the next elections?

[Discua] I do not believe that fraud will occur, because I think that all parties have acted in good faith. Let us hope that everything goes smoothly, in accordance with the election law.

[Reporter] You asked us not to refer to the issue of the alleged sale of helicopters to Chile, of which you have

been accused. Gen. Discua, what is your point of view on this? The Honduran people, particularly the residents of the northern coast of the country, would like to hear your opinion.

[Discua] I have said enough about the F-5 planes. I want to state that there have not been talks to that effect. I want to end the discussion of this topic once and for all. There have not been talks with the Chilean Government or the Chilean Armed Forces to that effect.

I believe that first, I must respect my country. Second, I must respect the Armed Forces, of which I am commander in chief. Therefore, I will never betray the Honduran people or my Armed Forces to hold negotiations behind their backs.

Again, these reports are absolutely false and any information on the alleged sale of planes is aimed at twisting reality or achieving another objective.

[Reporter] General, a wire dispatch talks about that issue and a son of [General] Pinochet, who reportedly arrived in Tegucigalpa.

[Discua] Again... [pauses] first, I do not know him. Secondly, I have information he entered the country, but at no time have I tried to talk to him. Therefore, this report is absolutely false. As I told you, I do not know who is trying to manipulate this kind of information. I am under the impression that that this is something planned by an individual, who wants to affect the country, the Armed Forces, or myself.

[Reporter] Are you bothered by this kind of [two-second break on reception], which can affect your image?

[Discua] Definitely. That is why I told you that I will never act behind the backs of my country and Armed Forces. I will never betray the confidence of the officers and NCOs of the Armed Forces.

[Reporter] According to you, where does this campaign originate?

[Discua] I do not know, but I believe that since you are very diligent, you could perhaps find out who is behind this kind of reporting, which misinforms the country and my subordinates.

[Reporter] Are national or international sectors interested in creating chaos within [one-second reception break] Honduras, Gen. Discua?

[Discua] It is not within the Armed Forces. You must bear in mind that the Armed Forces are the armed branch of the people. It represents the country. We are playing with the sovereignty of a country, not the sovereignty of the Armed Forces. I think that this thing must be dealt with responsibly.

I want to end discussion of this topic once and for all by stating that in the first place, I will never betray the Honduran people. Second, I will never betray my Armed Forces, much less the members of the institution, of which I am commander in chief.

[Reporter] General, do you have the names of the persons interested in discrediting your image?

[Discua] No. I do not have names. However, I want to state that someone must be behind all this. I want to state once and for all, that neither the Honduran Government nor the Armed Forces have maintained negotiations with any country.

[Reporter] Are we witnessing a campaign to discredit you, General?

[Discua] Possibly. They, perhaps, want to affect my image as commander in chief.

[Reporter] There is talk that you will be reelected as commander in chief of the Army. Could it be that this campaign is being sponsored by some military officers?

[Discua] I do not think so. I trust my people, my officers, soldiers, and rank and file. I trust them all the way and I know that I will never betray them. I will never accept that this situation be manipulated. I trust the Army and thank you for allowing me to make statements.

[Reporter] Gen. Discua, where will you travel [words indistinct] president of the sports delegation?

[Discua] That is correct. [end recording]

Callejas Comments on Rumors

PA0309000892 Tegucigalpa Televicentro Hondureno Television Network in Spanish 0100 GMT 2 Sep 92

[Interview with President Rafael Callejas by unidentified reporter from the "This Very Day" newscast, place and date not given—recorded]

[Text] [Callejas] I would like to make it clear that General Luis Alonso Discua Alvir has not been to Chile to offer the F-5 plane, nor have we received any information regarding this issue from the Chilean Government. I also would like to clarify further for the Honduran people, what I learned during my visit to Washington on occasion of the 50th anniversary of the Pan-American Agricultural School, that the U.S. Pentagon and the Defense Department intended to grant the sale of the F-5E to the Republic of Chile. That does not necessarily mean, however, that these are Honduran airplanes. So, consequently, the whole discussion is over a news report with insufficient grounds to warrant a national debate.

[Unidentified reporter] As the national leader, do you think these planes should remain in the country?

[Callejas] It is very difficult to decide on the strategic balance needed to defend national sovereignty, just prior to the ruling of the International Court of Justice [ICJ] and the decision of the Central American agreement on

regional defense strategy presented by Honduras. Honduras has the smallest and lightest equipped army in the area. I want consolidation of peace throughout Central America before discussing the only national defense issue that truly contributes to guaranteeing regional balance in Central America. Furthermore, the F-5's are contributing effectively to the counternarcotics fight. So, I believe that such a debate within Honduran society is premature.

[Reporter] However, the Italian news agency ANSA has reported that the son of General Augusto Pinochet was here for this purpose.

[Callejas] Absolutely not. Not that I know of, at least. As far as I know, no one in the Armed Forces has discussed this issue with him and there is nothing to indicate it. I am worried about this kind of induced action by the news media, that seeks to create an internal conflict over an issue that is not up for debate, and has never even been addressed by the National Security Council.

[Reporter] Have you reviewed your opinion on the reforms to the election law?

[Callejas] I believe the [word indistinct] vote will not be possible. This is the decision of the Supreme Election Tribunal [TNE], which I respect. My question was if the separate vote would be valid, first, for internal party elections. The National Party of Honduras [PNH], for example, is presenting its slates for the 18 September election. My impression, even now, is that the situation needs further legal discussion, so as not to surprise the Honduran people. I looked through all the newspapers before 8 July, which is when the Liberal Party met, and the issue had been totally forgotten. No one was talking about separate voting. Then I commented on the matter, wrong or right on my part, saying that I was still studying the legal side of one of the law's issues, and all at once there was an explosion of national political debate. The candidates from one party went to the congress. Why was this not discussed before the 8 July convention date? It surprises me that such things remain forgotten, and now, as we enter an election year, the issue takes on this new presence.

What I am going to do is wait and discuss it with legal advisers and the president of the TNE. I have a few doubts I want to express to the TNE president about the effects of the separate vote. Are we going to use PNH and Liberal Party ballots? He who wants to vote for the nationalist mayor can do so, and he who wants to vote for the liberal mayor can do so also. Now, if that is the separate vote system, then of course it can be done with the greatest of ease. But it seems to me that there are other implications in the separate vote system. Will there be separate slates for mayoral elections only or will the members of the municipal council also have separate ballots? How the separate vote system will work we do not know, yet, therefore I am very interested in discussing the matter with the TNE president. I have been trying to contact attorney Mario Gerard Gonzalez, to see when I can meet with the TNE president. I am interested in meeting with him and several of my advisers to discuss these questions which have caused such a national political debate.

DEA, U.S. Embassy 'Interference' Viewed

PA0109153492 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 1 Sep 92

[Commentary by German Alan Padget]

[Text] In the recent past communism was frequently used and abused as an excuse to persecute, harass, and even kill Honduran citizens. It was thought that the best communist was a dead communist, and anyone who flew the anticommunist banner was authorized to perpetrate all types of abuses and crimes. It was a kind of holy war behind which the most despicable human rights violations were concealed. Some individuals inspired by U.S. McCarthyism, attained a political and social stand they could never have reached by themselves. There are still painful sequels to this campaign of intolerance and obscurantism. There are still people traumatized by the long night of the cold war and ideological confrontations. There are even cases of obsessive pathology. Of course, there are also individuals for whom the cold war has not yet ended. The Berlin Wall continues to challenge national feelings, and the arsenals of terrorism are still open to bring mourning to the world's people.

Now, however, the world fights a different battle, the most important being that led by the United States against drug trafficking. Taking advantage of the countries' natural willingness to join the fight against drugs, the United States has set up superstructures in Latin America in an attempt to check and suppress, if possible, the production of hallucinogens destined for the U.S. market, the world's greatest consumer. The U.S. position still seems to be to end drug addiction by eliminating the drug supply. Some South American countries, however, argue that by eliminating the market---the customers, that is--- the production and trafficking of drugs and dangerous narcotics would also be eliminated.

The fight to the death against drug trafficking is being fought everywhere. That fight includes strong pressure by U.S. diplomats on the judicial systems of each of the countries participating in the counternarcotics program. Considerable amounts of money have been allocated to help the countries form expert police organizations and to pass laws and legal procedures to impede, on one hand, the unpunished activity of producers and traffickers, and on the other, to prevent individuals whom the police and soldiers capture from being released from prison by accommodating judges or inadequate laws.

However, we must carefully watch this national and international interest in drugs because in the course of persecuting drug traffickers and severely punishing criminals, U.S. diplomats and agents might be directly interfering in the internal affairs of the countries involved; an interference that is altogether unacceptable. For

instance, it is being said in Honduras that judges listen more carefully to instructions and guidelines issued by the DEA and the U.S. Embassy than to the Honduran Supreme Court of Justice. Some judges are already reluctant to use their own good judgment when ruling on cases related to drug trafficking because they are afraid their decisions might not be in accordance with the desires of U.S. agents and diplomats. It is being said that some judges have been hired by the DEA. If true, that would render invalid their role as impartial and honest judges whose decisions are based on law and guided by the facts.

This is a dangerous situation because while we talk about reforming the Constitution in order to restructure the judicial branch and have a reliable system that is removed as far as possible from political manipulations, we would lose the independence of the judicial branch to an international organization heavily backed by U.S. diplomats and the financial resources of the great nation to the north. That is dangerous because the issue of drugs would begin to be used to prepare traps against political, business, and even personal enemies. One agent has already explained how easy it is to plant drugs in the homes and hands of people one wants to harm. Like communism in the recent past, and with ad hoc laws that lay out terrible punishments, drug trafficking is punished severely with nearly irreversible penalties. Knowing this, efforts are made to use the relationship between the accused person and drugs to push him into legal traps, proceedings, and prison for an extended period of time.

Let us keep an eye open for this. We are all interested in fighting the scourge of the 21st century. We all want to get rid of death traffickers who might ruin our youths. We all want the death traffickers to be severely punished to the full extent of the law. But we do not want to go from bad to worse. We do not want our tribunals and judges, once free from the negative influence of politics, to fall into the trap of dependency on foreign diplomacy and an international organization that might well be misused to destroy the honor, freedom, and even the lives of innocent people. There have already been some cases of that. It has already been said that one judge, whom his peers regard as incompetent, has not been removed because she enjoys the direct support of the U.S. Embassy.

Be careful with this. Diplomatic interference in electoral matters, Congress, the educational and health systems, and even in national security matters has so far been more or less veiled, nearly discreet. But that kind of ghost attorney general's office or inspectorship of judges and tribunals, which was created in the shadow of the nation's political and juridical system, is new and dangerous. Judges' fear of the approval or disapproval of foreign diplomats is at least as nefarious as politics, perhaps more. It is even more nefarious for the judges to step on/over the political parties to serve an international agency in exchange for a salary and a certain amount of dark, manipulative power.

Watch out. Our needs and economic dependency might be turning Honduras into a shameful foreign protectorate. Watch out for this.

Nicaragua

Presidency Issues Communique on Tidal Wave

PA0209164492 Managua Radio Nicaragua Network in Spanish 1540 GMT 2 Sep 92

[Communique issued by the Presidency Public Relations Directorate in Managua on 2 September 1992]

[Text] The Presidency Public Relations Directorate advises the Nicaragua people and international community as follows. In view of the emergency caused by the tidal wave that swept through the Pacific coast of Nicaragua on 1 September, the government of the Republic formed an Emergency Committee chaired by President Violeta Barrios de Chamorro, who worked through the night to assess the damage sustained by the inhabitants of the Pacific coast area. Early on 2 September the president, accompanied by members of the Emergency Committee, visited the affected regions to inspect the damage caused by the tidal wave. Doctors, the Army, and other state institutions have joined this task. This afternoon, once the inspection is made, the members of the Emergency Committee will meet to make a more profound study of the situation and to take the necessary measures. The government recommends that citizens take their donations for the time being to the Nicaraguan Red Cross. In the same way, the government calls on the donor countries of the international community to ask for their help and cooperation in view of this national emergency, asking them to contact the Foreign Cooperation Ministry.

[Issued] Managua, 2 September 1992.
[Signed] Presidency Public Relations Directorate

Chamorro Authorizes Sale of Army Helicopters

PA0209163892 Managua LA PRENSA in Spanish 1 Sep 92 p 1

[Report by Denis Garcia Salinas]

[Text] Nicaraguan President Violeta Chamorro confirmed on 1 September that she authorized the Army General Command to establish negotiations with the Peruvian Armed Forces to sell approximately 20 Soviet-made MI-17 and MI-25 helicopters.

A communique released on 1 September indicated that the money obtained from the sale of the helicopters, estimated by Nicaragua at approximately $20 million, will be used to create a "fund" for retired soldiers.

For the first time, Chamorro referred publicly to the sale of the helicopters (with which the now demobilized contras were fought in past years). Some of the helicopters have already been transferred to Peru.

In the communique, the Presidency said the "transfer" of the military aircraft to Peru will permit the Nicaraguan Army to obtain U.S.-made Bell civilian helicopters.

The Presidency indicated that these civilian helicopters will be used to transport people and cargo in operations to support the civilian population.

After the end of the war in Nicaragua, Chamorro saw the need to dispose of all the war arsenal. For this purpose, Chamorro issued instructions to General Humberto Ortega, chief of the Army, to replace the arsenal and inventory used only for war with resources destined for peace, "interpreting the spirit of the peace agreements signed by our country."

The sale of the helicopters known as "flying tanks" would produce $20 million, which would permit the Nicaraguan Government to "strengthen" the Nicaraguan Naval Force with various kinds of vessels for the struggle against international drug trafficking.

These new vessels would also help protect the country's marine resources.

"The other funds obtained from this and other transactions in progress will be used for the professional and institutional improvement of the Army, through the creation and capitalization of a Pension Fund for soldiers," the communique stated.

This "fund" will help the soldiers obtain a "decent retirement" after they complete their years in service, because currently they "do not have any type of social security."

The regulation and administration of these funds will be subject to the appropriate legal provisions.

Protesters Seize Welfare Offices in Matagalpa

PA0209234192 Managua Radio Catolica in Spanish 1100 GMT 1 Sep 92

[Report by Loby Rosales from Matagalpa—live telephone relay]

[Text] At approximately 1600 on 31 August, groups of war disabled, mothers of heroes and martyrs, and some individuals who are receiving Inssbi [Nicaraguan Social Security and Welfare Institute] pensions violently seized the Inssbi offices.

After they entered the building, they announced that no one could leave and held Jaime Valdeson, the Inssbi representative here in Matagalpa, hostage. Valdeson and some Inssbi workers were threatened. Certain Sandinists who work on the premises began to point to some employees who belong to UNO [National Opposition Union] and told them that they were going to be tried.

Matagalpa policemen went to the site to protect the women and children who had seized the Inssbi offices. The situation became even more dramatic when, at approximately 1745, some Inssbi employees tried to leave. Some of the war disabled and mothers of heroes and martys told them that they moved at their own risk.

The workers were held hostage for approximately two hours and 15 minutes. We want to tell Radio Catolica listeners that Education Ministry offices also operate in the same building. Employees were also held hostage but were able to leave gradually. The protesters were chanting Sandinist slogans.

In addition, it was said that if anything is missing from inside the Inssbi offices, they will be blamed for it. These protesters said that they will remain at the installations until the government meets their demands.

Panama

Endara Opens 4th Legislative Session

PA0209210792 Panama City Television Networks in Spanish 1745 GMT 1 Sep 92

[Speech by President Guillermo Endara opening the fourth period of Legislative Assembly sessions at the Justo Arosemena Legislative Palace in Panama City—live]

[Text] Your Excellency Mr. Lucas Zarak Linares, president of the Legislative Assembly; Your Excellency Dr. Carlos Lucas Lopez, president of the Supreme Court of Justice; Your Excellency first vice president of the Republic; Your Excellency second vice president of the Republic; Your Excellencies ministers and deputy ministers of state; Your Excellencies Messrs. Comptroller General and Assistant Comptroller General of the Republic; Your Excellency Most Reverend Oswaldo Padilla, apostolic nuncio; Your Excellencies Messrs. chiefs of diplomatic missions accredited to the Republic of Panama; honorable legislators of the Legislative Assembly; honorable magistrates of the Supreme Court of Justice; honorable magistrates of the Electoral Tribunal; honorable Attorney General of the Nation and the Administration; Your Excellency Most Reverend Oscar Brown, auxiliary bishop of Panama; Messrs. representatives of international organizations; Messrs. provincial governors; Madame Mayor of Panama City and Mr. Mayor of San Miguelito District; Messrs. directors, managers, assistant directors, and assistant managers of decentralized agencies; Messrs. members of the local and foreign media, ladies and gentlemen.

I come with a positive spirit and optimism to inaugurate this Legislative Assembly's penultimate period of sessions. I also do it with great interest not only to fulfill my obligation according to the national Constitution but because this offers me a valuable opportunity to share my thoughts and some ideas with you and the Panamanian people. First of all, I wish to give each and every one of the honorable legislators my most fervent hopes for success in your work during this new period of sessions. I hope your work will result in the laws and positive

measures the Panamanian people deserve, need, and expect from their appointed representatives. I can assure you without a doubt you can count on the executive branch's full support for this.

We are anxious to work with you, shoulder to shoulder and with the greatest generosity, so you may take the necessary measures to complete the task we have imposed on ourselves—to successfully complete the nation's reconstruction. Despite all the criticism, despite certain peoples' pessimistic views, and despite gloomy predictions, I believe the worst and most difficult part of our government work is over. I do not underestimate the efforts you will have to exert, but the most difficult obstacles have been overcome.

The nation is on the move. Tasks have yet to be carried out, adjustments have yet to be made, and things have yet to be improved—but we are on the move. There is energy, particularly the constructive energy of hard-working and positive thinking men and women. We need this to use new opportunities. This depends on no one but ourselves. Work, dedication, perseverance, generosity, and altruism must be our essential national values.

Everything indicates that we are about to begin a second phase of our national reconstruction. The executive branch will submit for your consideration a legislative agenda, effective 2 September, to begin this new phase. I will outline its most salient points. We thus start a process of important innovations in both the juridical and institutional systems of our country. It also includes interesting incentives to encourage economic activity.

I must begin by outlining three dispositions which I give maximum priority status. I am talking about the legal statutes concerning the interoceanic region; the law organizing the Public Force [FP]; and the voluntary retirement program for public officials.

I want to mention a couple of ideas on each of these draft bills. Panama's claims to the canal and the land that surrounds it have been our country's constant concern through this entire century. A few months after our independence in 1904, Panama made its first claim. Our claims always dealt with the disagreements we had with the United States over its occupation of the Canal Zone. At last, according to the 1977 treaty, on the last day of this century our Republic will assume full ownership and autonomous handling of the canal. The first seven decades of our Republic's history may be characterized as a period of effort, struggle, and sacrifice of lives to ensure the canal be turned over exclusively to Panamanian hands. In contrast, the past 25 years were marked by growing national expectations. Collectively, the Panamanian people have taken on the task of the political, social, and economic realities that affect the canal. This is not something that affects only a single sector or a few sectors of Panamanian society. On the contrary, it embraces widespread and in-depth national interests.

We must not lose sight of the fact that the canal is an important public service to all countries of the world, to a greater or lesser degree. This is why we need to take into account its effect on world trade. So the commitments our country has made in claiming and receiving the canal's ownership and administration are of great importance. Panama, as owner of the waterway, owns all the facilities constructed by the United States in the former Canal Zone. These so-called reverted properties have been turning over to Panama since 1979; they will continue being transferred until the canal is turned over to Panama. These include buildings and installations of great economic value. Likewise, the land adjacent to the waterway has enormous potential value if we learn to make the best use of it in conjunction with the vessels that transit the canal.

I need not mention all the capabilities of, or actions or omissions by, the previous Panamanian administration immediately preceding 1990 regarding reverted canal property. This experience was negative and harmed our country. For all this, after the initial months of my government, we spoke about this topic with diverse sectors of the country. These consultations made us deploy efforts that will enable this administration and future ones to face the upcoming reversion of these important properties in a planned and rational manner, as well as the canal's turnover and its successful operation.

We need to lay the groundwork and start this very demanding but basic work. The time we have left is already too short. Fully aware of our responsibility, in May 1991 I appointed a special commission to draft a study on basic criteria to deal with canal problems. The commission, which is formed by distinguished citizens from various political, economic, and social spheres in Panama, presented a clear preliminary report in September 1991.

Because many buildings may be turned over during the two-year period from 1993 to 1995, in March 1992 I requested from the commission that issued that preliminary report a draft bill on reverted properties. It was also decided to dedicate a different and special draft bill concerning Panamanian administration of the canal. I thought it wise to form a second commission to submit to the executive branch a draft bill on the topic, using the first commission's draft bill as its basis. After five months of work, this second commission, made up of representatives of the political parties that form this Legislative Assembly, has presented the requested draft bill. This draft bill has been reviewed by the Cabinet Council. After a few changes are made, it will soon be sent to this Legislative Assembly.

I must point out that we have dealt with this matter in complete honesty and without any reserve. In due time, the reports and documents prepared by the first commission were debated in detail. Numerous corporations, individuals, and private organizations expressed valuable views and opinions, which were all taken into consideration. Each party freely selected its representative. These delegates participated in the debates without

restraint. On presenting this proposal to the Legislative Assembly, I am fully confident that the honorable legislators will come up with the best solutions to meet the challenges posed in planning the adequate use of the reverted areas. This is an essential requirement for Panama's successful and efficient administration of the canal.

The second most important point on the agenda proposed by the Executive to the Legislative Assembly has to do with the FP. This subject is directly linked to security, public order, the creation and strengthening of democratic institutions, and efforts to preserve security and prevent crime in the country. Since the beginning of the government over which it is my privilege to preside, we established as a clear and well-defined policy to create a professional and apolitical police force under civilian authority. The country does not desire to create, maintain, or finance an army. The Panamanian people have expressed their opposition to militarism. On the contrary, the people desire a nonmilitary police force that can protect their properties and rights. My government has firmly followed this policy.

Great progress has been made in creating and determining the philosophy of a public force. There is a new awareness of the genuine functions of security agencies and their roles in a democratic government. Numerous difficulties have been overcome. Many FP members have even laid down their lives in the course of duty, becoming an example and source of pride for the institution. Nevertheless, the National Police and the other FP agencies require a legal foundation to give the institution and its members stability, to establish the institution's functions clearly, to define the duty and rights of its personnel, and to establish a police career track as a means to guarantee professionalism.

The studies conducted have resulted in a proposal for a FP organic law, combining Panamanian reality with the experiences of other countries. The Cabinet Council has been studying this proposal, which will soon be presented to the Legislative Assembly for debate. This proposal describes the FP bodies, such as the National Police, the Maritime Police, the Air Police, and the Presidential Police. All of these are civilian police organizations, subordinated to the president of the Republic. They must obey the orders given by proper authorities in the proper exercise of their functions. Although the directors of these police agencies will be freely chosen and removed by the president of the Republic, their members will enjoy the stability offered by their professional careers, to be established. There is no doubt that this proposal, once it becomes law, will contribute largely to the peace and security every community desires. With this, the people will restore their trust in the FP.

I must include a third high-priority proposal, the budget commission's debate of a program whereby government employees can retire voluntarily. It is necessary to start a project to lower the number of government employees through the voluntary retirement of officials who do not want to continue in government service either because they are not satisfied or because they would rather seek other opportunities. This plan has been broadly discussed to ensure it offers great advantages to employees who choose to retire. The required source of financing has already been secured. We have a decent plan which, while respecting public employees' free will, makes it possible to direct the money saved through this voluntary retirement program to social projects.

The legislative agenda I am proposing consists of a second group of bills which are important in improving and encouraging various aspects of the country's life in contining the reconstruction task.

First, I must speak about the bill to establish the civil service carreer. The stability of capable, honest, and diligent public employees is an important component of my government's policy. This was an election promise with the basis of respect for human beings. I know that some legislators have presented bills in this direction at this Legislative Assembly.

This interest makes evident that the Assembly shares the concerns and the policies of the legislative branch. I beg your pardon, the executive branch. The honorable legislators know that it is the executive branch which, based on a constitutional mandate, has to draft and to propose the civil service system.

This is why I appeal in a most cordial way to give to the executive branch bill the attention it deserves.

As far as taxes go, Panama has been running behind all the other Latin American countries because it does not have any law consistently regulating procedures, sanctions, and other norms of the tax system.

The tax code contained in the bill to be presented for your consideration would resolve an urgent tax system need. We have a fiscal code, but a fiscal code is not a tax code. I must point out, so there is no doubt, the tax code bill to be presented does not change the essential elements of taxes. It does not add anything to the current tax system and it abolishes nothing either. It just makes procedure norms and other guidelines more clear and consistent.

The executive branch will again present a bill calling for giving crime-connected funds seized by the authorities a special allocation. These are unconventional funds that must not be used to pay routine state expenditures. Our idea is to use these funds to make capital investments in the fields of education and health, to promote programs to help the small and middle businessmen and programs to prevent drug consumption and to rehabilitate drug traffickers.

The executive branch will also present a bill aimed at granting fiscal incentives for the hiring of employees. This bill will establish a new system which will be attractive to the private sector. It will add a new factor to

the struggle my administration has been waging to generate jobs, especially for the poor.

We again will present a bill that calls for a special labor system for the maritime sector. This is also aimed at creating new sources of employment. This bill was presented to the Assembly in September 1991. Its objective is to impose the contracting of Panamanian crews on Panama-flagged ships to take advantage of our merchant fleet. I must recall that this bill enjoys the attribute of having been elaborated in a tripartite framework by an executive branch-appointed commission that was composed of representatives from all the sectors involved in the issue.

Current laws governing horizontal property have flaws and shortcomings. For this reason we will again present a bill aimed at eliminating shortcomings in this system and at making it more attractive to further encourage this type of construction.

The commerce and industries ministry has been negotiating two contracts that are very important for the country's economy. If there is a satisfactory conclusion, the contracts will be presented to the Legislative Assembly for its consideration and approval. I am talking about the contract with the oil refinery. This contract will govern the relations between that enterprise and the national government for the next few years. It is expected that the company will make investments amounting to $80 million. This will generate jobs in Colon Province. It is expected that there will be a so-called import parity commitment. With basis on this commitment, when selling products to Panama, the enterprise will sell them at the lowest international market price. This undoubtedly will result in better prices for the Panamanian consumers.

The other contract is one for the sale and renting of land to the Chiriqui Land Company for the planting of bananas. This contract will result in an increase in the country's banana production.

The draft bill creating incentives for additional banana plantations, which the executive branch submitted during the previous legislative session but was not passed in the first debate, will be resubmitted. This bill is also directed at increasing the country's banana production. We will resubmit the family code. The need for our society to support and protect children and the family unit is quite evident. We will therefore insist on the need to compile all those provisions that establish the rights and outline the legal system regarding the family and children.

The executive branch has prepared two important draft bills regarding health. The first is the Sanitation Code, which updates provisions in effect since 1947. It will compile all the technical and legal recommendations from domestic and foreign organizations to promote the appropriate application of health plans. We will thus improve the quality of life in our country. Second, we will submit the draft bill creating the National Medical Association. In so doing we are responding positively to Panamanian doctors, who have been requesting the creation of a national organization for the medical profession for several years.

The Republic of Panama has negotiated and signed several international agreements regarding various aspects of our domestic policy. Among them I must point out one agreement that addresses border development issues with Costa Rica, and another on human rights. We will submit eight international agreements signed by the executive branch to the National Assembly for ratification.

No less important than any of the previously mentioned bills is the discussion of the national budget for 1993, which we will submit in due time. It will contain the government's policies and plans for next year.

Finally, the Labor Ministry will submit a draft bill declaring 12 October 1992 a national holiday to allow a proper celebration of such a special event. We hope the bill will be approved before that date so the event can be properly celebrated along with the other Ibero-American nations.

In conclusion, the agenda we will present to the National Legislative Assembly contains 26 draft bills, international agreements, and additional actions prepared by the executive branch that will demand exhausting work during the legislative session beginning today. Honorable legislators, the beginning of this second-to-last period finds the country in true economic recovery. On the one hand, the government continues to organize its finances. On the domestic front we are current with our obligations, and more importantly, we are paying our regular debt to the Social Security Fund in cash. We have normalized our situation before the international financial organizations and the Paris Club. That effort grants the public sector the necessary economic stability to become a recipient of credit once again. I would like to take this opportunity to emphasize an undisputable achievement of this government. Some may not wish to recognize this fact. To them I say: You cannot turn your back on reality. We have attained economic stability, which will open the doors to opportunities that had been closed to us for several years. This was possible solely due to the responsible and serious way we have managed our finances, both inside the country and abroad. Our discipline is proof and it has been rewarded with the trust bestowed upon our government.

We enjoy good credit once again. My government will use new credits wisely. They will be used primarily for social investments or investments that will clearly produce revenues and that we would otherwise be unable to complete without international support.

We can now speak realistically about the construction of the San Miguelito and Santiago Hospitals and the maintenance of the entire highway system, including roads used by producers in the Chiriqui Province highlands and the roads of Darien Province.

We can now speak realistically about carrying out feasible projects to increase the supply of potable water for Panama City and nearby areas, as well as improvements to the distribution system to end the current waste.

We can now speak realistically of continuing even more rapidly with the low-income housing program. In the 20 month-period prior to 20 December 1992, we will have bidded on, built, and distributed 8,000 houses with government resources alone. We will now be able to complement and intensify that effort through foreign financing to offer greater benefits to the segments of the population that have the greatest need for adequate housing.

We can now speak realistically about the growth and improvement of the education system through the construction, expansion, repair and furnishing of more than 50 mid-level education and secondary schools.

We can now speak realistically about a long-term operational and institutional strengthening of the Institute of Hydraulic Resources and Electrification. I am referring to the expansion of transmission and distribution systems, acquisition of maintenance equipment, and implementation of studies on demand, energy loss, and marketing strategies.

We can now speak realistically about the continuation of studies on Panama Canal alternatives, because we will now be able to finance our participation in such projects. I must point out that these studies are progressing satisfactorily and the alternatives have been narrowed down to two: a sea-level canal 16 km west of the current route, or a third set of locks through the current route. These studies should conclude late next year to allow us to advance the project.

The government's seriousness in handling its finances and state matters and the creativity and trust of Panamanian businessmen have precipitated a vital thrust that is evident in the private sector and the country's economy. We need not repeat all the signs of recovery that the national economy is experiencing. It will suffice to point out a few.

The Chamber of Commerce, Industries, and Agriculture of Panama, for example, recently assessed economic performance for the first semester of 1992. In its report that group states that two-thirds of its polled membership indicated having experienced an improved economic situation and higher sales in comparison to the same period in 1991. They also reported a significant increase in the number of workers hired.

The import and export of goods and services and volume container cargo has increased in our ports. Rates charged by port authorities for the handling of containers were reduced to make costs more competitive and to give greater benefits to Panamanian importers. This has encouraged the private sector to create jobs and invest in national ports.

The number of tourists in the country and hotel occupancy rates have increased. Port rates for tourist ships were cut in half. An interesting aspect worth pointing out is that 900 new hotel rooms have been added throughout the Republic in the past 30 months. During that same period we granted 300 new licenses to establish restaurants or similar food establishments in the capital and San Miguelito District alone. These figures cleary indicate improvements in facilities for domestic and international tourism.

The industrial sector reported growth during the first semester of 1992, especially in the construction industry and related areas. State banks granted $130 million in loans in the first half of 1992 of which $22 million were earmarked for housing construction and over $33 million for the agricultural sector.

Meanwhile, private banks have expanded their loan portfolio this year by $400 million and have granted credits for numerous activities.

The agriculture and livestock sector has recovered remarkably. Sugar production, fruit exports, and hog breeding in particular have shown great improvement. Agricultural and livestock exports represented more than 70 percent of all national exports despite the drop in coffee and banana prices. My government, aware of the effects of the 1989 economic crisis and the distortions created by the dictatorship, is making efforts to revitalize the sector by freeing foreign and domestic markets.

Now I would like to refer to efforts to protect our banana exports in the EC. As a result of my visit to various European countries and similar efforts on the parts of the ministers of commerce and industries and foreign relations, we are optimistic about the decision made by various countries to reject the resolution of the EC commission that, to our regret, recommended the imposition of quotas on banana imports by EC members. In fact, we have reason to believe that the Council of Ministers will soon reject the commission's resolution, which, if implemented, would adversely affect 17,000 jobs in the Panamanian banana sector.

I am particularly pleased to announce that the massive land title program in rural areas is yielding excellent results. I expect to deliver 4,000 land deeds in January, and a total of 10,000 before the end of my the presidential term.

We view with enthusiasm the development of export processing zones that have been established in Panama that will help create new jobs. A processing zone is currently operating in Margaritas Islands with three enterprises and has created 1,500 jobs. Two additional zones—Ojo de Agua, and Telepuerto Panama—are currently under construction. These activities are based on a law promoted and approved by the Legislative Assembly in 1990.

Aware of the importance of an efficient electricity service for the country's development, we have given special attention to the energy production system. Repairs are under way at the La Estrella Los Valles Hydroelectric Plant and at the thermic plants in Bahia Las Minas and San Francisco, which have been inoperative for many years. In addition, we have leased a new thermic plant that will begin to operate in Bahia Las Minas in early 1993. All these efforts, which will cost $40 million, will produce 200 additional megawatts and will help to minimize the possibility of power rationing during the next dry season. In addition, if necessary, the water level in La Fortuna Dam could be raised 6 meters, which would produce energy for two additional weeks. In this way we hope to avoid having to go through the bad experience we had during the last dry season.

I want to avail myself of this opportunity to refer to the drug trafficking problem and the actions we are carrying out to counter it. My government's political decision to wage an all-out struggle against this scourge is producing results. Statistics show that more than 10,000 kg of cocaine have been confiscated during the first seven months of the year. This unprecedented amount largely surpasses the total of confiscations carried out during the previous two years. This shows that positive results can be achieved when political willingness and administrative competence are combined.

The national government's determination and resolution to fight and eliminate international crimes that threaten our peace and tranquility are also expressed in our international relations. We have signed a mutual legal assistance treaty with the United States. We are currently negotiating a similar agreement with the UK and Northern Ireland, and another with the Central American countries to fight illegal arms trafficking. We have expressed our willingness to the Colombian president to begin negotiations with that sister nation on drugs and money laundering.

Mr. President of the Assembly and honorable legislators, to conclude, I would like to reiterate my firm commitment to the Panamanian people. I am subject to a very special restriction that differentiates me from the rest of Panamanians, including those present in this room. That restriction is a constitutional prohibition: I am the only citizen in this country who cannot run for office in the next electoral period. But that limitation is also my freedom. I am free to make the government decisions that I feel are in the best interest of the Panamanian nation. I am not tied down to any electoral considerations. I only follow the direction that is best for my fellow citizens, particularly the neediest.

I am free to make the best decisions. Those decisions will not be made in the hope of getting immediate applause, which is only temporary. They will not be decisions made for short-term political profit. They will be decisions that involve the greatest benefits for Panamanians, even if their advantages are not perceived immediat ly. I am free to be truly responsible before my compatriots, my conscience, and history.

In a couple of years I will be turning over power to whoever wins in a good, clean election. I will turn over power to whoever deserved the backing of the Panamanian people to continue building a better Panama. But until that time I will continue to be firm in my principles and determination to move my country forward and pull it out of the stagnation in which it was mired by those whom we all know.

I will continue to be firm, working with Panamanians of goodwill who want a better future for themselves and their children. I will continue to be firm in the path we have chosen, aware that today's leaders have a historic role: We must fill the increasing expectations of an impatient nation. We have scarce resources to do it. We are facing a good degree of intolerance. But we also have God's support. I will not stray from my path. This is a commitment to my fellow citizens, and I will fulfill that commitment. Thank you. [applause]

Ford: Prisoners' Release Not Part of PRD Pact

PA0309024392 Panama City Circuito RPC Television in Spanish 2300 GMT 1 Sep 92

[Text] Second Vice President Guillermo Ford has indicated that the freeing of political prisoners was not contemplated within the political pacts with the PRD [Democratic Revolutionary Party] to elect the current Legislative Assembly president.

[Begin recording] [Ford] The political pact agreed upon in 1990 is being fulfilled. We in the Molirena [Nationalist Liberal Republican Movement] always stated that we would support the candidate nominated by the Arnulfist Party on this occasion.

[Unidentified reporter] What does this pact with other political parties establish?

[Ford] The pact establishes that a member of the Molirena should occupy the post of first vice president of the Legislative Assembly this period and a member of the Liberal Authentic Party should occupy the post of second vice president. In keeping with this, we will support the candidates of the aforesaid parties.

[Reporter] Does the political compromise [componenda] with the PRD and the other parties contemplate the freeing of PRD political prisoners?

[Ford] First of all, I do not like the use of the word compromise. Second, this is a sovereign act of the Legislative Assembly, as the legislators have reached agreement with their colleagues. The executive branch has not made a pact or compromise with anyone. I repeat that the agreement to elect Lucas Zarak as assembly president is a sovereign act of the legislative branch.

[Reporter] There is talk that the freeing of political prisoners is imminent?

[Ford] No. At no time has this issue been discussed. At least, I do not know anything about it, nor do I support such a move.

On the other hand, what happens is that the Christian Dempocratic Party does not know how to lose. [end recording]

Amnesty Said Behind Vote

PA0209174292 Panama City LA PRENSA in Spanish 2 Sep 92 p 1a

[Text] On 1 September the Legislative Assembly chose Arnulfist Party [PA] legislator Lucas Zarak Linares as its new president for the 1992-93 period. The vote was 37 in favor, 27 against, and two abstentions. Zarak defeated his rival, Alfredo Ehlers of the Christian Democratic Party [PDC], by the 10 votes of the Democratic Revolutionary Party [PRD].

The board of directors was completed with legislators Roberto Garibaldo Soto, architect and coordinator of the Molirena [Nationalist Liberal Republican Movement] faction, who was elected first vice president, and Alberto Cigarruista, a lawyer from Los Santos Province, who was elected second vice president. Garibaldo and Cigarruista were elected by nearly the same margin of votes.

Some political observers believe that the new PDC defeat was the result of a tactical error because the PDC legislators paved the way for Zarak's victory on 31 August when they broke the quorum in the session that was held to discuss the accusation against the president of the Republic.

PDC legislators speculated that Zarak's commitment to the PRD to obtain the votes he needed could have been to promote an amnesty law to free military personnel and civilians who collaborated with Noriega and who have been in jail for 30 months without standing trial. Those individuals are charged with very serious crimes against state property and human rights, including horrible violations.

The voting results also stumped PRD members who were outside the Legislative Palace protesting against the government for keeping approximately 54 military members and civilians of the previous regime in prison. They felt that while they were condemning the government attitude, their legislators were inside the palace making pacts with their colleagues in the government sector whom the protesters were accusing of being persecutors.

The abstentions of outgoing Assembly President Marco Ameglio and his First Vice President Aurelio Alba were noticeable, while Zarak voted for himself.

Legislator Gisela Chung of Molirena requested leave in order not to participate. She sent her alternate instead.

Dozens of PRD members gathered in front of the Legislative Palace early on 1 September and remained in adjacent streets for several hours.

After an hour PRD legislators went outside and greeted the demonstrators, mostly relatives of "political prisoners"—civilians and military members of the previous regime. Well-known politicians of the dictatorship such as Carlos Duque, Ernesto Perez Balladares, and Tomas Gabriel Altamirano Duque were also present.

Balladares noted that the demonstration was intended as a protest against the administration of the previous assembly, which did not solve the situation of the "political prisoners."

When the voting took place, the demonstrators became angry in the face of an alleged alliance between the PRD legislators and the Arnulfists in support of Zarak.

When the voting was done and Zarak proclaimed the new Assembly president, the protesters left the streets near the palace chanting slogans against the "turncoats and those who betray their principles."

Meanwhile, PA President Mireya Moscoso said her party did not ask the PRD legislators for their votes to obtain the presidency for Zarak.

Moscoso reiterated that as long as she is PA president there will be no negotiations between her party and the PRD. "I have no idea why they voted for our candidate," she added.

PDC President Ricardo Arias Calderon noted that "the relationship between the PA and those who ruled during the military dictatorship has become public knowledge. Birds of a feather flock together," he remarked.

In contrast, Second Vice President Guillermo Ford said it is not true that the government had reached an agreement with the PRD to free prisoners of that political group.

Alliance Criticized

PA0209154292 Panama City LA PRENSA in Spanish 2 Sep 92 p 1A

["As of Today" column]

[Text] As soon as it assumed power, the ADOC [Civic Democratic Opposition Alliance] renounced all the principles it had fought for when it was in the opposition. From the smoking ruins of an Army that disintegrated when the first shot was heard, the ADOC tried to rebuild a new armed corps with the former officers that had controlled the old army. This corps will sooner or later deal a death blow to our precarious democracy. The initial euphoria had not yet passed before the ADOC had fallen into the same vices that it had fought during the

revolutionary process: the scramble for political positions, nepotism, administrative corruption, abuse of authority, influence peddling, and tolerance of immoralities that submerged our country into an abyss of infamy. Now, in order to win the Assembly presidency, the executive branch reached an agreement with its political opponents, enemies of our nation, a nation which yesterday they did not hesitate to sell to the drug mafias. They would sell our country to the drug mafias again if they had the chance. The 10 legislators of the PRD [Democratic Revolutionary Party] were the deciding factor in the election. They did so in exchange for what? Those rogues are not used to casting their votes for nothing. As they are being pressured by their own common prisoners (thieves, torturers, and murderers), who threaten to tell the truth about the murders that have permanently molded the country's character, they sold their votes in exchange for an executive promise to decree a general amnesty. In other words, they sold their votes for nothing, because Panamanians will not allow this infamy to succeed.

Politicians on Elections

PA0209160092 Panama City Radio KW Continente in Spanish 1200 GMT 2 Sep 92

[Passages within quotation marks are recorded]

[Text] Birds of a feather stick together. This was the immediate response from Christian Democratic Party [PDC] President Ricardo Arias Calderon to the election of Arnulfist legislator Lucas Zarak as Legislative Assembly president with the decisive support of the Democratic Revolutionary Party, PRD. Arias Calderon added that far from being a defeat for his party, the election will greatly affect the government's image.

[Arias Calderon] "The first consequence is already evident: the people's growing rejection of the Endara government, now allied with the PRD. Along with that growing rejection, there is an increasing opposition from the PDC which reflects the Panamanian people's rejection."

Nevertheless, Arnulfist Party [PA] President Mireya Moscoso de Gruber was optimistic, stating that the election of a PA member will contribute to the strengthening of democracy.

[Moscoso] "I do not think there will be any confrontation nor is there is reason for any confrontation.

[Unidentified reporter] "Even if the PDC is in the opposition?

[Moscoso] "Well, the PDC is always going to be in opposition."

Bolivar Pariente, a PA member and deputy planning and economic policy minister, believes that this election completes the shaping of the administrative team needed so that the three branches of government can carry out the country's development.

[Pariente] "With Guillermo Endara, one of the main, if not the main Arnulfist, as president, and now with Lucas Zarak, another Arnulfist, the work of the government will be intensified and all the government plans will be carried out with greater effectiveness and energy."

Alfredo Ramirez, president of the Nationalist Liberal Republican Movement, believes the election will be positive for the country's future.

[Ramirez] "I am confident that under Lucas Zarak's leadership, the assembly will work in a productive way to benefit the country's interests."

Legislator Lucas Zarak was elected with 37 votes. His rival, PDC legislator Alfredo Ehlers, obtained 27 votes. Legislators Marco Ameglio and Aurelio Alba abstained. Roberto Garibaldo was elected legislative assembly first vice president with 36 votes and Alberto Cigarruista was elected second vice president with 37 votes.

Zarak Election Criticized

PA0209161292 Panama City EL SIGLO in Spanish 2 Sep 92 p 4

[From "The Undesirable Journalist" column by Carlos Singares: "PRD-PDC Unity Elects Zarak in the Assembly"]

[Text] The play was simple, vulgar, and dirty. The "PDC" [Christian Democratic Party] maintained an "intransigent" attitude, broke the Ninja-Green alliance, and permitted the Endarista legislators to garner a majority vote of 37 for Lucas Zarak.

Why did the Christian Democrats have to be pigheaded with the eight Ninja votes? Last year the "greens" and "Ninjas" "steamrollered" Arnulfo Escalona and got Marco Ameglio elected as assembly president.

The answer is obvious: The democrats nominated their own candidate, "broke" their so-called majority, and "opened the door" to Lucas Zarak so with the "PRD" [Democratic Revolutionary Party] Norieguista-Endarista votes they could deceive the Panamanian people into believing the story about the scandalous marriage of the Endara regime with the "PRD."

In reality, it is a love triangle, involving a trio that is doing wonders in the "Parliamentary Circus."

Legislators are apparently oblivious to the fact that the Panamanian people hate them and the incapable and incompetent government as well. Nobody can fool the people. The masses have to resolve their own problems of food and subsistence and have no time to deal with the band of hoodlums who have taken hold of the state entities.

The Legislative Assembly has no significance. Before it was a militarist circus, now it is an Endarist circus. That legislative gang has not contributed anything to resolving or at least alleviating the suffering and hunger endured by Panamanians.

Neither the PDC, which is the majority, nor any other party wants to straighten out the country by promulgating laws against the trafficking of influence, nepotism, illicit enrichment in public posts, or prohibiting the use of public employees in party politics. All of these laws exist in other countries. In Panama the PDC-PRD pseudo-opposition is "covering" itself with the same cloak of corruption, mocking and laughing at the Panamanian people, with a sardonic sneer, which sooner or later will become a painful grimace when it has to face the tribunal of history.

Assembly Situation Viewed

PA0209153992 Panama City LA PRENSA in Spanish 2 Sep 92 p 2A

[From "In a Few Words" column]

[Text] If Panamanians had to describe the current situation in the Legislative Assembly, we could say it is a "Tower of Babel."

In my opinion, the reason is obvious: The number of deputies representing political parties does not reflect the country's current political reality. Since we cannot unseat the president and send the deputies home for their ineptitude, we will have to create a parallel Constituent Assembly or a substitute, not only to draft a new constitution, but to measure the electorate's political pulse to determine where each one stands.

This did not happen on 1 September, when the government promised to grant amnesty to the thieves and murderers of the dictatorship in exchange for votes from the Democratic Revolutionary Party. That will happen only over our dead bodies.

Argentina

Justicialist Party Faces 'Uphill Battle'

PY0309030292 Buenos Aires BUENOS AIRES HERALD in English 2 Sep 92 p 11

[Text] While the nation may not face another presidential contest until 1995 a recent survey by the consulting firm Javier F. Otaegui and Associates may give the Justicialist Party reason to worry about the precursor to that race, next year's Lower House elections. The deputies who rode the wave that brought President Carlos Menem to power in 1989 will face reelection, and Otaegui's poll suggests they may face an uphill battle.

According to the survey the Radical Party appears to have the upper hand as a plurality of the 545 Federal Capital residents and 532 Greater Buenos Aires inhabitants polled in the firm's telephone survey conducted on August 29-30 gave the main opposition party the nod when asked: Which party's slate of deputies will you vote for in 1993?

In the Federal Capital, where 14 seats will be up for reelection, 39 percent of those questioned said they would vote for Radical deputies, while 18 percent backed the Justicialist Party of President Carlos Menem, 2.6 percent the Democratic Centre Union (UCeDe), 6.4 percent the Movement for Dignity and Independence (MODIN), 5.4 percent one of the socialist parties, 19.5 percent no party, and 9 percent were undecided.

In Greater Buenos Aires—with 34 seats up for reelection—the Radicals fared only slightly worse, winning the support of 31.6 percent of the respondents, while the Justicialists were nearly unchanged at 19.7 percent. The UCeDe received 3.5 percent, MODIN 4.7 percent and socialist parties 6.3 percent while 19.9 percent supported no one and 14.3 percent were undecided.

Applying the D'Hont system (which will be used in the actual election) Otaegui predicted that the Radicals would send eight deputies and 17 Buenos Aires province legislators to the Lower House, up from the four and 10 who are up for reelection, respectively.

The Justicialists meanwhile would send four Federal Capital and 11 provincial lawmakers, down from the latter's four Justicialists and two dissident (Group of Eight) members and the former's 12 departing Justicialists and three Group of Eight members.

Also noteworthy in the survey's seat distribution predictions are the slippage of the UCeDe (from two seats in the Federal Capital and three in Greater Buenos Aires to zero and one, respectively) and MODIN's entry (from zero in both regions to one in the Federal Capital and two in the metropolitan area).

Women and men supported the two main parties about equally in this city, but the former were significantly more likely to vote for the UCeDe (4.3 percent versus 1 percent) or to be undecided (12.2 percent versus 5.7 percent), while more men said they would cast their ballots for no one (24.9 percent of men questioned against 14.2 percent of women).

In the outlying region men favoured the Radical Party (35.7 percent of men polled against 27.5 percent of women) and the UCeDe (6 percent against 1.1 percent), while women were significantly more likely than men to endorse the Justicialists (22 percent against 17.3 percent) and MODIN (6.3 percent against 3 percent) or to be undecided (17.9 percent against 10.7 percent).

The survey has a margin of error of 3 percent.

Brazil

Farias Calls CPI Report 'Big Fabrication'

PY0209225092 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 p 7

["Main excerpts" of an "exclusive" telephone interview with Paulo Cesar Farias by Fernando Lancha of ESTADO and Roseli Tardelli of Nova Eldorado AM; place and date not given]

[Text] [ESTADO] President Fernando Collor said that he was the victim of people he trusted, and he included you in that statement. What can you tell us about this remark?

[Farias] First, he did not say that I deceived him. He said that I made some mistakes.

[ESTADO] Did you make some mistakes?

[Farias] I must confess that I did, just as anyone would. The president is right. People make mistakes, but they can also make mistakes through other people. I would not know how to define those mistakes.

[ESTADO] Is dollar-dealer Najun Turner, who was involved in the ghost checks case, one of those people?

[Farias] In fact, in reality, you trust people and they take advantage of your trust.

[ESTADO] Does the president still trust you?

[Farias] You have to ask him that question. I continue to have the highest respect for him.

[ESTADO] Do you have any connection with the ghost checks?

[Farias] I had many deals with Turner. I received that money because of business we had together, and I did not know they were ghosts. He said he operated through his agents.

[ESTADO] Your secretary Rosinete Melanias has been mentioned as the person who managed the ghost accounts. How do you respond to this allegation?

[Farias] She really took care of that. Yet, as she was dealing more directly with Turner than with me, I do not know what type of relationship developed between them.

[ESTADO] Did she then abuse your confidence?

[Farias] I cannot say that. We are still studying the case.

[ESTADO] Have you ever given money for the president of the Republic?

[Farias] Never. The man in charge of that was Claudio Vieira (former private secretary of the president).

[ESTADO] Did you pay the president's bills, or did you give the money for such payments?

[Farias] Vieira and I have always had a great relationship. I occasionally made loans to him, but I never asked him how he would use the money.

[ESTADO] Have you not made deposits into the account of the first lady?

[Farias] I do not remember. If I did, I must have done so as part of the many businesses I had with Vieira.

[ESTADO] Do you believe the president will lose his office?

[Farias] No. He is an obstinate man. Furthermore, he is in no way involved in this process.

[ESTADO] How did you follow the work conducted by the CPI [Congressional Investigating Committee]?

[Farias] Calmly. It is known, however, that the CPI was more an electoral show than anything else.

[ESTADO] The CPI believes that you committed five crimes. Do you agree with that?

[Farias] I believe I did not commit any crime.

[ESTADO] Does the CPI have documents proving that you withdrew money prior to the implementation of the Collor plan?

[Farias] The CPI did not produce any evidence. This was just another fabrication by the CPI. It is an outright lie.

[ESTADO] What else did the CPI fabricate?

[Farias] Everything in the CPI was a big fabrication.

PC Reportedly Rejected Plan To Save Collor

PY0209171492 Sao Paulo FOLHA DE SAO PAULO Section 1 in Portuguese 30 Aug 92 Section 1 p 6

[Article by Xico Sa]

[Text] Businessman Paulo Cesar Farias, PC, rejected one of the latest proposals by the "death squad" [esquad:ao da morte] that would have been implemented to save the presidency of Fernando Collor de Mello. PC said "no" to a note which was to be submitted by the Planalto Palace to Justice Minister Celso Borja which would have served as the basis for a Collor speech on radio and television networks.

According to the note, Collor would have expressed indignation over the revelations made by the CPI [Congressional Investigating Committee] regarding his former electoral campaign treasurer, and would have insinuated that PC took advantage of his trust, and would have asked for "strong actions" against PC.

In sum, Collor intended sending PC to prison to satisfy public opinion. This plan was disclosed to FOLHA DE SAO PAULO by a congressman who is a member of the "death squad." He said that the group is headed by Bank of Brazil President Lafaiete Coutinho. The congressmen added that the plan could have taken the president out of the "center of suspicion."

FOLHA DE SAO PAULO learned from members of the CPI that is investigating Collorgate that PC's answer to the idea of the "death squad" was also made in writing and sent from Maceio to the Planalto Palace on 28 August.

The message from the "death squad" was reportedly handed to Federal Deputy Augusto Farias (PSC-AL) [Social Christian Party-Alagoas], who is PC's brother, by Lafaiete Coutinho in Brasilia. Augusto Farias showed it to PC and his family. That was also done on 28 August, under an environment of great tension in Maceio. The Farias family considered the idea absurd and a very ungrateful gesture. Augusto Farias and another brother, Luiz Romero Farias, also believed that no matter how great the loyalty between PC and Collor, the idea of a "death squad" was "crazy."

The government congressmen in the CPI think the idea of liberating Collor through pressure on PC should have been implemented when the first evidence showing the links between President Collor and PC Farias appeared.

What the presidential allies did not reportedly take into account when they began exerting pressure on the government to ask for "PC's head" was that an operation of this kind would not have been possible without the endorsement of PC Farias himself.

According to a government member of the CPI, PC's answer to Collor was, among other things, that he does not believe a proposal like this came from Collor. PC's answer used careful terms to insinuate that Collor had been badly advised. The answer said in an ironic way that the idea was not compatible with the president's intelligence.

PC has been always aware of government members' pressure on Collor, but he did not believe this could disrupt the loyalty present between him and the president.

In reply to a question on a possible decision by Collor to try to denounce him in an effort to save his presidency, PC told FOLHA during a telephone conversation in

Maceio on 24 August: "I do not know what he (Collor) has in mind, but I think it is unlikely."

Shortly before, PC and his wife Elma watched the televised reading of the CPI report. PC thinks that the court is the only institution that can order his arrest. During another interview with FOLHA in Maceio on 28 August, PC said: "No political pressure can be exerted on the court, but the important thing is that you can defend yourself."

Behind the scenes disagreements between PC's activities and Planalto Palace allies occurred on various occasions during the CPI investigations. For example, a government congressman in the CPI said that a message that allegedly came from Planalto Palace gave PC the necessary confidence "to let things lie" just a few days before two members of the banking sub-committee got their hands on a package of checks of PC's enterprises and people linked to PC.

PC had a court order prepared by his lawyer Antonio Claudio Mariz de Oliveira to try to prevent, or at least postpone, the CPI investigation into his banking account.

But PC decided to rely on a message from Planalto Palace through the government members in the CPI. The message said that Central Bank President Francisco Gros would not comply with the CPI request to lift the bank secrecy on PC's account.

PC's apparent tranquillity was reinforced by government members who noted the mistake made by the CPI on requesting the lifting of bank secrecy. Augusto Farias was told that the CPI did not comply with the regulations.

Opposition members reportedly forgot to vote for the approval of the request to lift the bank secrecy. Senator Odacir Soares (PFL-RO) (Liberal Front Party-Rondonia) also told Augusto Farias that opposition members also made mistakes, including the drafting of the document on requirements just a few days after the request was submitted to the Central Bank.

What happened was exactly the contrary of the proposal submitted to PC by Planalto Palace, after the bank secrecy was lifted. FOLHA learned that Mariz filed a request for a writ of injunction with the Brasilia Federal Court, but it was too late. The purpose of the injunction was no longer to avoid the lifting of bank secrecy but rather to annul the proof obtained by the CPI from the bank accounts.

Justice Minister Says Resignation 'Best Thing'

PY0309033392 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 p 4

[Text] Brasilia—Justice Minister Celio Borja yesterday said that the best thing for a public figure accused of corruption to do is to resign. He was not referring specifically to any Brazilian figure, but he made clear that he shared the views of those who consider President Fernando Collor's resignation as the least traumatic gesture to overcome the crisis. Borja said that "the act of resigning is not cowardly or diminishing, it is something unilateral that cannot be imposed."

The minister also regretted the foreign media treatment of the CPI [Congressional Investigating Committee] on the results of the investigation of PC [Paulo Cesar Farias] which, he said, was "a true mockery" that could erroneously make the people think that they were living in an unworthy country. He recognized that similar things in other countries, particularly in the First World, ended by provoking the resignation of those involved. "In most cases those responsible resigned as a gesture of respect for public opinion," Borja said after recalling "scandals" involving European prime ministers, such as the Profumo Case in Great Britain.

"There is no reason to feel shame for our country. We are handling the crisis in peace and within the Constitution," Borja said.

In a direct criticism the minister admitted that President Collor's speech on 30 August could influence the approval of the impeachment request, because each legislator will decide according to his conscience. He also believes in the opposite effect at the time of approving government bills that are of interest to the country. "The anger and disgust provoked by the speech will not affect experienced men who can distinguish what needs to be done to help Brazil," Borja warned.

The minister minimized the importance of predictions on the result of the voting on impeachment because it is impossible to evaluate a legislator's state of mind at the time of the vote. Borja reiterated that he would leave his post after the Chamber of Deputies votes on the impeachment. Not even a personal request from Collor will make him change his mind, because of personal reasons: "Because I do not want to. There is no scenario that will make me stay," Borja said.

Borja also said that Government Secretary General Minister Jorge Bornhausen still has a lot to do in the government, even though he no longer plays the role of political coordinator. Borja explained that Bornhausen will be responsible for negotiating with Congress on the approval of government-sponsored bills.

Borja said he was concerned with the deadline given the Federal Police to investigate entrepreneur PC Farias. The minister said he was afraid the delay will result in frustrating the punishment of those responsible, because it favors the application of the statute of limitations through incidents and appeals filed by "skillful lawyers."

Calls For 'Collective Penance'

PY0209145092 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Aug 92 p 5

[Article by Carmen Kozak]

[Excerpt] Brasilia—Justice Minister Celso Borja said on 30 August that every Brazilian must follow the guidelines of the National Conference of Brazilian Bishops (CNBB) and do collective penance in an effort to correct the errors that are occurring in the country. He stressed that everyone, including President Collor, must do penance and "acknowledge their errors."

"We cannot continue to stand by and watch public servants appropriating public coffers for private ends," the minister said. "It is intolerable," he said after going to mass at the Sao Bento Monastery in Brasilia with his friend Economy Minister Marcilio Marques Moreira.

The invitation to do "collective penance," which was recommended by the CNBB, was made by Basilio Penido, the abbot of the monastery, during a mass which the minister regularly attends. In his homily, the abbot recommended that errors be acknowledged and called for a "lot of humility," stressing that "pride is the greatest sin."

The economy minister considered that abbot's appeal to be "extremely opportune." "It is a time for the renovation of the spirit, ethics, and economic habits," the minister said. [passage omitted]

Franco Refrains Statement; Exercises Caution

PY0309211792 Rio de Janeiro O GLOBO in Portuguese 1 Sep 92 p 8

[Article by Sergio Leo and Cesar Tartaglia]

[Text] Yesterday, a few hours after issuing an official communique asserting that it is not the vice president's job "to steer the economic policy," Vice President Itamar Franco criticized the recessionary policy conducted by Economy Minister Marcilio Marques Moreira. In a message to the minister and, apparently, also to President Fernando Collor, Itamar insisted that the demands of the demonstrators on the streets must be heard.

The vice president asserted: "The country needs to continue growing from the social viewpoint; the achievements in the social field must stop being the by-products of the economic crisis."

Upon his arrival in Brasilia, however, Itamar denied he conspired a ministry in the future and said his advisers and friends do not speak on his behalf.

"It would be absurd for the vice president of the Republic to think about a ministry at this moment. It would be illogical, unethical," he said.

Itamar said immediately afterward that he believes the president's current situation is uncertain:

"Why would the vice president think about a ministry at a time in which the country still has or should have its president, unless the national Congress decides otherwise?"

Always recalling that the vice president must "observe an ethical posture," Itamar, however, made it clear that he does not consider the possibility of assuming the presidency a very remote possibility. When asked about the fact that Governor Antonio Carlos Magalhaes is against him assuming the presidency, Itamar said:

"I will answer the governor when I assume power," but immediately clarified his statement:

"That is, if I ever come to power. I do not know whether I ever will."

At the airport, after a calm flight from Rio de Janeiro to Brasilia, Itamar was welcomed and called president by a group of people awaiting the arrival of passengers. One man clapped his hands and shouted, asking the vice president to assume the post "of the other who is out already." In Rio, when asked his opinion about the demonstrations on the streets, he reiterated comments made in Juiz de Fora, when he quoted the late Senator Teotonio Vilela (PMDB- AL) [Brazilian Democratic Movement Party–Alagoas], who said that "every politician must always bear in mind the reality on the streets."

He said that he believes the people's claims are positive and that he hoped they will "continue to make known their demands." He also asserted that in his capacity as vice president he cannot criticize the legislative branch's performance, and added that he does not think congressmen are too slow.

Itamar ironically answered the journalist who asked him why he had not returned the phone call made to him in Juiz de Fora by President Collor:

He joked: "It was a phone call received at the crack of dawn on Saturday."

When asked whether he though Planalto no longer had any interest in talking to the vice president, he answered, laughing:

"Yes, I think so."

The Vice President's Communique

Following is the text of the official communique issued by Vice Presadent Itamar Franco:

"No adviser or friend is authorized to speak on my behalf, unless authorized by me.

"In view of the serious crisis the country is enduring, I urge the Messrs. journalists, when they wish to do so, to address themselves to me only.

"I wish to point out that regarding economics I have made no statement, given no opinion, especially regarding the foreign debt, the development of the privatization process, and less still, about Economy Minister Marcilio Marques Moreira.

"It is not the vice president's duty, as is obvious, to steer the government's economic policy.

"Moreover, I request respect for my silence, so long as it is necessary."

Franco Would Implement Parliamentary System

PY0209185092 Rio de Janeiro O GLOBO in Portuguese 31 Aug 92 p 7

[By Celso De Castro Barbosa]

[Excerpt] Juiz de Fora—Initiating the implementation of a parliamentarian system, should it be approved during the April 1993 plebiscite to choose a government system, should represent a warning to Economy Minister Marcilio Marques Moreira. This would be the first decision of Itamar Franco's possible administration. The ideas are being discussed and refined by the vice president and his closest aides.

Despite the relative discretion, because he believes that making his ideas public will jeopardize the head of the presidency, Itamar Franco can hardly avoid discussing how he would govern the country. A firm supporter of a parliamentarian system, Itamar Franco has told his friends and advisers that it would make no sense, should this system be approved, to wait until 1995 to implement it.

"If the medicine is on the shelf why not take it?" says attorney Roberto Medeiros who is Itamar's adviser, alternate of Senator Junia Marise (PRN-MG [National Reconstruction Party-Mato Grosso]), and Minas Gerais Telecommunications director. Medeiros thus quoted a remark made by the vice president during a meeting with his advisers on 29 August.

Medeiros spent all last week with Itamar Franco in Brasilia and came to Juiz de Fora at the weekend. He has a great influence on the vice president because, in addition to being his adviser, he is an old friend. They have known each other since they were kids. Itamar rarely makes any decision without consulting Medeiros.

In addition to Medeiros, Physicians Tales Ramos and Saulo Moreira, Engineer Marcelo Siqueira, Attorney Jose de Castro Ferreira, Professor Ruth Hargreaves and his private secretary Geraldo Farias are the top members of Itamar's Juiz de Fora team. [passage omitted]

Advisers View Economic Potential Under Franco

PY0209185692 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Aug 92 p 1 Economic Section

[Article by Ribamar Oliveira]

[Text] Brasilia—Economy Minister Marcilio Marques Moreira's advisers have stated that "things will probably move more slowly" under a possible government headed by Itamar Franco. All evaluations agree on the same point: The vice president will be able to rule the country for the next two and a half years only with the support of an ample multiparty agreement. These evaluations add that this national understanding takes for granted the definition of minimum points of governability, which necessarily exclude very controversial matters. Thus, the modernization and economic projects will be implemented more slowly.

The idea to establish an "informal parliamentary system" is already being developed with Itamar assigning an acclaimed congressman the task of negotiating government projects. Although Itamar has hinted at maintaining Marques Moreira, some members of the economic team already doubt the political feasibility of this option.

The scenario that will prevail if Itamar decides to retain the economy minister in his post would be no less uncertain without Marques Moreira. Members of the economic team are saying: "Itamar Franco needs to retain Marques Moreira and negotiate in Congress the minimum program of governability that the minister has already prepared."

This minimum program proposed and negotiated since 31 July by Marques Moreira with vast segments of the society provides for the approval this year of the fiscal reform, the modernization of ports, the end of the unpaid debt owed by the states and municipalities to the Union, and a political reform. The economic team believes that it is essential for the political reform to change the states' representatives in Congress. The Sao Paulo and Minas Gerais States currently have the same representation as those states which have no relevance as far as their political and economic situation or population are concerned.

The minister has at least one great ally: Sao Paulo Governor Luiz Antonio Fleury Filho, who supports Marques Moreira and his economic program. Minas Gerais Governor Helio Garcia is reportedly being questioned on the matter.

The scenario without the minister would depend on who assumed the role of informal prime minister. Itamar Franco's advisers guarantee that the ideal economy minister would be Deputy Jose Serra (PSDB-SP) (Brazilian Social Democratic Party-Sao Paulo). During a talk with former Sao Paulo Governor Franco Montoro at the Hotel Nacional in Brasilia on 27 August, Itamar Franco wanted to know how Montoro improved Sao Paulo State's finances. It was attributed to Serra at the time he was the planning secretary.

Marques Moreira's advisers believe that if Serra is appointed economy minister, the economic policy will not significantly change. Serra has never shown enthusiasm toward the so-called heterodox proposals, and strongly disapproves of dollarizing the Brazilian economy.

Any agreement with the IMF will have to be renegotiated no matter the measure adopted by Itamar Franco. The advisers say: "The conditions are not right for complying with the goals attained with the IMF." The process to reduce import taxes is another change regarded as unavoidable. Albano Franco, president of the National

Federation of Industries, has demanded a deadline to fully achieve the economic opening. When assuming his present post, Marques Moreira cut by six months the timetable established by former Economy Minister Celia Cardoso de Mello. This dateline will probably be extended again.

Chamber Accepts Petition; Calls Special Session

PY0309034692

[Editorial Report] Brasilia Voz do Brasil Network in Portuguese at 2230 GMT on 2 September in its congressional report segment carries a 10-minute report on today's deliberations at the Chamber of Deputies in Brasilia on the impeachment petition against President Fernando Collor. The report was filed on 1 September by Barbosa Lima Sobrinho, president of the Brazilian Press Association; and by Marcelo Lavenere, president of the Brazilian Attorneys Association. The 10-minute segment includes announcer-read portions and recorded remarks by Deputy Ibsen Pinheiro, president of the Chamber of Deputies.

In a two-minute recorded statement, Pinheiro announces that "formal requirements have been met" and that, therefore, "conditions are appropriate to discuss the petition." Pinheiro adds that other petitions for impeachment have been received at his office and that these petitions will be evaluated accordingly. He cites, among others, petitions signed by Joao Batista Bolsoni and by Mrs. Angela Maria Moreira Canuto Mendonca.

Pinheiro adds that the next step is "the creation of a special committee." He notes that "in the best interests of the nation," the process "must be expedited as much as possible." Upon urging all deputies to attend the session, he says that he is hereby ordering that "steps be taken tomorrow [3 September] to create the committee."

The report then carries six-minute recorded excerpts of the petition for impeachment read by Deputy Inocencio Oliveira, first secretary of the Chamber of Deputies.

The report adds that (Antonio Fon), president of the Sao Paulo Journalists Association, and Bartolomeu Rodrigues, president of the Federal District Journalists Association, today also submitted a petition for impeachment of President Collor signed by more than 23,000 Brazilians from all walks of life. Pinhero says he plans to add this petition to the one submitted by Lima Sobrinho and Lavenere.

The report concludes by noting that Pinheiro called a special session of the Chamber of Deputies for 3 September at 1000 [1300 GMT] to appoint the members of the special committee which will study the petition for the impeachment of President Collor.

Deputy Pinheiro Comments

PY0209154692 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 1 Sep 92

[Text] Here is the main portion of a speech delivered by [Chamber of Deputies President] Deputy Ibsen Pinheiro upon receiving a request for the impeachment [preceding word in English] of President Fernando Collor.

[Begin Pinheiro recording] This house has been misunderstood so many times that we can never defend it enough.

I will certainly not be influenced in the conduction of this process, I will not be neutral in the defense of our institution. This institution cannot accept rebukes of any type that question its motives, its motivations, in the conduction of the legislative process. [applause]

We cannot allow anyone to question the patriotism with which this house, the two houses, of Congress (?handle) the assessment of the executive branch's processes.

I can only repeat [Senate President Mauro] Benevides who said that no bill of basic importance, of strategic nature for official policy, has been rejected by this house. We have never considered approving a policy that favors this or that party, but always supplied the executive branch with the means to implement its policy. [applause]

The acts of our institution are not under any type of suspicion. We are like glass: Not because of its fragility, but because of its transparency. And in transparency lies the strength of our house, which is vulnerable, but only to the people's will. [shouts, applause]

This house is not intimidated. It was not intimidated during the First Empire [proclaimed in 1822 when Pedro I was crowned emperor]. It did not bend before the sword of [Marshall] Deodoro [da Fonseca who proclaimed the First Republic on 15 November 1889]. It resisted (Aizico)'s violence, (?relying) on the plurality of its composition. [applause]

This house will not be frightened. It will not be intimidated and, undoubtedly, it will make its decision in accordance with the conscience of its members on this procedure of utmost importance.

I have no doubt in saying that this house, through its members, will vote based on a profound sentiment, on Brazilian society's desire to correct the levels of ethical and moral coexistence in our entire society. [applause]

This is a political crisis because it involves an extremely important institution of the republican system—the presidency of the Republic.

Nevertheless, this crisis did not begin as a partisan crisis. It did not begin as a crisis between factions, and it will not end that way.

I am absolutely convinced that the vote will be ethically and morally based. The vote will essentially be based on the truth, on the facts.

This house always wants what the people want.

Thank you very much. [slogans chanted] [end recording]

Farias, Vieira's 'Preventive Custody' Requested

PY0309031092 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 2 Sep 92

[Text] The Federal Police today requested the preventive custody of Paulo Cesar Farias and Claudio Vieira, President Fernando Collor's former private secretary. They have been accused of intimidating a witness in this case.

The Federal Justice in Brasilia also is evaluating the part of the report that contains accusations against President Collor. The Federal Justice received the part of the Federal Police report that involves President Collor. The report is based on the testimony made by driver Francisco Eriberto Franca.

Judge Mario Cesar Ribeiro spent the day evaluating the report and tomorrow he will submit it to the Federal Public Prosecutor's Office to get the opinion of the two deputy prosecutors of the Republic who are supervising the work of the Federal Police. Afterward the report can be submitted to the Federal Supreme Court, which will have to decide whether or not the process against President Collor will be open.

Judge Mario Cesar Ribeiro also can decide at any time if he will order the preventive custody of Paulo Cesar Farias, Claudio Vieira, and a security guard from a Brasilia car rental, who, on orders from Claudio Vieira, reportedly tried to intimidate a witness. Their preventive custody was requested by Federal Police delegate Paulo Lacerda.

Collor Did Not 'Effectively Refute' Report

PY0209212092 Rio de Janeiro O GLOBO in Portuguese 1 Sep 92 p 3

[Text] Brasilia—Senator Amir Lando (PMDB-RO) (Brazilian Democratic Party Movement - Rondonia), the coordinator of the CPI [Congressional Investigating Committee] hearing the PC [Paulo Cesar] Farias case, was unable to discover anything in President Fernando Collor's speech that could effectively refute the final text of the CPI report. Lando expected the president to present a document or some sort of evidence that would contradict the report. Lando said that, on the contrary, the president just presented a speech containing many contradictions with respect to the evidence found by the CPI.

Lando states: Popular wisdom says that no argument can contradict the facts. The president's defense should have aimed at least to contradict the facts and proof presented by the CPI.

CPI President Deputy Benito Gama (PFL-BA) (Liberal Front Party-Bahia) supported the commission, despite the fact that he did not want to contradict the president in his capacity as a member of a pro-government party.

Gama said: The CPI has done a serious job and a good one, and everything included in the report is the true evidence gathered during the investigation, but I will not comment on the president's speech.

Lando, however, did not hesitate to criticize the president's speech:

The president tried to explain the facts that the commission made public and which were based on evidence.

Lando replied to various points of the president's speech, including Collor's statements refuting charges that his secretary Ana Acioli withdrew funds on the eve of the blockade of new cruzados and that nearly $3 million were earmarked to reform the Casa da Dinda [Collor's residence in Brasilia].

Magalhaes Reasserts Position Against Impeachment

PY0309025792 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 p 6

[Text] Salvador—"I continue to uphold the same position. I want to act in compliance with my beliefs. I want to act properly, in a coherent manner and in compliance with those principles I believe are right, without coercing anyone. I am certain that history has reserved a role for me to play in the near future." This is how Bahia Governor Antonio Carlos Magalhaes (PFL) [Liberal Front Party] last night reasserted his opposition to President Collor's impeachment and to an eventual government headed by Itamar Franco. Laconically commenting on the position adopted by federal deputies Manuel Castro and Jose Falcao (both PFL members and others under his command) who support the impeachment, Magalhaes said: "I believe they must have a reason to act like this, and I respect their opinion."

Army Minister Confirms Staying in Government

PY0309033992 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 p 4

[Text] Brasilia—Army Minister General Carlos Tinoco said yesterday to President Fernando Collor that whatever the outcome of events, the governability letter will be maintained. According to Tinoco, the ministers will remain in their posts until the voting on the impeachment [preceding word published in English] request. This is the first direct participation of a military minister in the political crisis.

Few believe, however, that Tinoco went to see the president to reiterate the terms of the letter signed one week ago at a time when the strategy of the other ministers is to exert pressure for the president's resignation. According to a military official, Tinoco reportedly went to Planalto to discuss the result of a conversation

held with Justice Minister Celio Borja on 31 August and to convey to the president that he will not leave now. Tinoco was received by Collor outside his appointment schedule, after 1600.

Further on Fiuza's Support for Government

PY0209153892 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 2 Sep 92

[Text] Social Action Minister Ricardo Fiuza from Pernambuco State's PFL [Liberal Front Party] will leave his post on the eve of the vote on the request for impeachment of the president of the Republic. He will thus regain his seat as a deputy and will reinforce the government's support base in Congress. This information was supplied by the presidency of the Republic's press secretary. Luiz Augusto Mendonca now reports from Brasilia.

[Begin recording] Journalist Etevaldo Dias, the spokesman of the presidency of the Republic, confirmed last night that Social Action Minister Ricardo Fiuza will leave his post on the eve of the vote on the request for impeachment of the president of the Republic to support the government's support base in Congress.

Etevaldo Dias also reported that the government still does not know whether other ministers from the political area, who also have a seat in the Chamber of Deputies, could also leave their posts to help support the government.

In conclusion, spokesman Etevaldo Dias confirmed that President Collor will visit New York between 19 and 22 September to address the United Nations General Assembly. [end recording]

Da Silva Wants Resignation Before Impeachment

PY0209151292 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 31 Aug 92 p 7

[Excerpt] Santo Andre—Luiz Inacio Lula da Silva, president of the Workers Party [PT], said on 30 August in Santo Andre that in view of the results of the CPI [Congressional Investigating Committee], President Collor does not have the moral authority to make political agreements that exempt him from any responsibility. "The only thing the president can do now is to try and obtain an agreement that will keep him out of jail after he leaves his post," Lula said. He was referring to the possibility of Collor resigning in exchange for an amnesty regarding eventual links with the PC [Paulo Cesar Farias] scheme.

The PT leader also stated that he would only approve that type of agreement if Collor were accused of political crimes. "This is not valid for crimes that involve corruption," he said. Lula stated that Collor should resign before the impeachment [preceding word given in English] is voted on, and that he is only presumably delaying the decision because "no one gives prior notice regarding such a drastic decision." [passage omitted]

Government Seeks Secret Vote on Impeachment

PY0209135292 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Aug 92 Section 1 p 8

[Article by Josias de Souza, Gutemberg de Souza, and Edna Dantas; word "impeachment" given in English throughout]

[Excerpts] Chamber of Deputies President Ibsen Pinheiro (PMDB-RS) [Brazilian Democratic Movement Party-Rio Grande do Sul] would like the request for President Fernando Collor's impeachment to be decided by an open vote. The government, which has already been informed of this, is determined to resort to the courts to guarantee a secret vote, which is its main hope in the struggle against impeachment.

The decision by Ibsen Pinheiro was yesterday strengthened by the release of a new ruling by the Federal Supreme Court (STF) on the treatment given in 1989 to a request for injunction involving a request for the impeachment of the then President Jose Sarney. The new ruling states that Law 1079, which was approved in 1950 to regulate the impeachment process, establishes that the vote should not be secret, and this has not been repealed.

The new ruling, which was handed down by Judge Sepulveda Pertence, replaces a ruling by former Judge Aldir Passarinho which wrongly established that Law 1079 had been partly modified by the Constitution of 1988. STF President Sidney Sanches yesterday explained that the court has not yet adopted a final position on whether the law is actually in force.

In practice, Law 1079 should remain in force until the STF is requested to make a decision on it. The government is expected to make the request. The Planalto Palace wants to repeal the law so that the secret voting system that is established in the regulations of the Chamber of Deputies may be enforced. Nevertheless, the government will claim that the voting system to which the law refers does not necessarily mean an open vote.

In addition to trying to ensure that the voting system will be secret, Planalto Palace considers this legal measure as a useful exercise for delaying the Chamber of Deputies decision on the request for impeachment. Pinheiro estimates that after 1 September, when he will receive the request for impeachment, the Chamber of Deputies may vote on it in 15 or 20 days. [passage omitted]

Justice Minister Celio Borja, who in 1989 was an STF member, has said that the articles of Law 1079 no longer apply to the Chamber of Deputies. Consequently, he says that the request for impeachment should be debated under internal Chamber of Deputies' regulations.

Poll Shows 'High Degree of Mistrust' in Collor

PY0309031492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 2 Sep 92 p 4

[Excerpt] A nationwide survey conducted on 31 August and 1 September by the Brazilian Public Opinion and Statistics Institute (IBOPE) shows that even after the speech delivered by President Fernando Collor on 30 August, 59 percent of a total of 1,218 people surveyed want Collor replaced by Vice President Itamar Franco. Only 31 percent want Collor to stay in office. The results of the survey were released by IBOPE Director Carlos Augusto Montenegro, who went to Planalto Palace last week to help Collor draft his speech, the first speech Collor has made to defend himself since the release of the conclusions of the Congressional Investigating Committee on the PC [Paulo Cesar] Farias case.

The survey also shows a high degree of distrust by the people toward the president: 69 percent said they do not trust Collor, while 25 percent said they believed in him. Yet, politicians did not fare much better than Collor. According to the survey, 58 percent said they do not trust senators or deputies. A 30 percent minority said they believe in professional politicians. The survey included 110 municipal districts, including major capital cities. [passage omitted]

Economy Minister Gives 'Positive' Report

PY0209184292 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 2 Sep 92

[Text] Economy Minister Marcilio Marques Moreira has given President Collor a positive account on the economy's performance in August.

The minister said the monetary base experienced the third lowest increase this year. He attributed this to the control on government expenditures.

Marques Moreira claims that the Treasury's accounts closed with a 1 trillion cruzeiros surplus.

The minister expects Brazil to close the year with a GDP [gross domestic product] growth of about 2.5 percent.

The information on the economy minister's meeting with President Collor was supplied by Presidential Spokesman Etevaldo Dias.

Chile

Aylwin Interviewed on Cabinet, Military

PY0309023792

[Editorial Report] Santiago TV Nacional in Spanish at 0103 GMT on 3 September broadcasts a live interview with President Patricio Aylwin by reporter Patricia Politzer from La Moneda Palace in Santiago.

The interview begins with Politzer asking Aylwin about the phone tapping incident, when Senator Pinera's private telephone conversation was recorded and publicized. Aylwin says that some politicians are so intent on gaining power that they do not care how they do it. He says the right to privacy is an important right, and that private talks cannot be used to meet public goals. "I usually do not say in private things that I do not say in public," Aylwin notes.

Politzer asks if former DINA agent Romo, who is being extradited from Brazil, will report on missing prisoners and not be favored by the armistice law. Aylwin says that he has spoken personally with Brazilian President Collor on Romo's expulsion, and Aylwin believes Romo will not be protected by the armistice law. "I hope that this person is submitted to an inquest and that he reveals the fate of several people who were victims of human rights violations during the last regime and that the appropriate sanctions are applied," Aylwin says.

Politzer returns to the phone tapping issue, noting that Chileans worry that their phone conversations could be recorded. She asks if Army intelligence is involved in this, to which Aylwin says he cannot respond to that, as the "Armed Forces intelligence services depend, and have always depended, directly on these institutions and not on the president of the Republic."

Asked about the perceived tension between the Army and the executive branch, Aylwin says that he has asked Congress to annul the September holiday marking the military coup, adding that he believes that Pinochet, "having been part of these events, is celebrating himself. I believe, however, that history does not lend itself to this sort of thing. The reconciliation climate and the climate for civilian-military understanding being experienced in the country do not make this sort of celebration appropriate."

Regarding rumors of a possible Cabinet reshuffle, Aylwin says there is no set date, "but I believe it could probably be in October." He notes, however, that he is not planning to replace the finance, interior, or defense ministers.

Aylwin then notes that his government will continue to stimulate growth and fight inflation. He says that since March 1990 salaries have increased 12 percent. He notes that some social policies, such as those to eradicate poverty and to deal with the environment, still need to be implemented. The judicial sector must be reformed. He says there are "stacks" of projects being implemented, and 18 months (the time remaining in his term of office) will be too little time for all of that.

Politzer notes that there is concern within political circles about the upcoming elections, noting that the Christian Democratic Party and socialists believe they are better qualified to become candidates. Aylwin says that the political arena is more concerned with the upcoming elections than with what is being done now. He notes that "we will have to separate the political sector into two teams: The team that will help me

continue doing what we have been doing—which is fundamental for what they will be able to do in the future—and the team that will fundamentally dedicate themselves to campaigning for the future administration." He believes that "rationality will prevail" and the criteria for choosing a candidate will be good. Asked whether the coalition will survive with two candidates, Aylwin says that "to have two presidential candidates until...the so-called primary round would jeopardize or seriously harm the coalition." Asked who he would like to see as a candidate, he says that he is busy with governing and cannot be concerned with party matters. He repeats that he is not interested in becoming a candidate.

The interview concludes at 0148 GMT.

Colombia

Gaviria Will Not 'Evade Responsibilities'

PA0309042792 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 1 Sep 92

[Text] Forty days after the episode at the Envigado jail, President Cesar Gaviria again met with the media. His 31 August report generated supportive and detractive reactions. A poll conducted by the newspaper EL TIEMPO at the end of the program revealed that 64 percent of the viewers were not satisfied with the president's answers to the reporters. A smaller percentage, which still believes in his government, accepted his promise not to evade any of his responsibilities as president. On 1 September the president was interviewed in his office for the "24 Hours" newscast by reporter Raul Gutierrez.

[Begin recording] [Gutierrez] The poll that followed the report reveals that currently you are a president who lacks credibility. What are you going to do about this?

[Gaviria] No. I do not believe that. This was a small poll conducted among residents of Bogota. I fully understand that in response to the number of unfortunate events that have taken place during 1992 the Colombian people are skeptical. However, they can rest assured that I will continue to govern. They can rest assured that I will continue to deal with the country's problems. I am pleased with the way the economy is evolving, with the manner in which the Armed Forces are reacting to our large investments in security and the pledges I have made with regard to social policy.

[Gutierrez] During the 13 months that Escobar spent in jail, did he establish contact with you?

[Gaviria] Oh no, absolutely not. There were occasional letters signed by him in which he basically discussed security problems but there was not, of course, any contact with the president of the Republic.

[Gutierrez] Mr. President, has the offer of 1 billion pesos for information on Escobar yielded positive results? Is there any proof that he is in Antioquia?

[Gaviria] I do not know. There are various levels of intelligence information that are being used by the Armed Forces, and useful reports have been received which are being verified.

[Gutierrez] What pledge have you made, Mr. President, in terms of the need for high levels of rationing in 1993?

[Gaviria] I do not believe that will happen. I believe the decisions made within the context of the emergency plan will be executed very successfully and I hope that the 1993 problems—should they emerge—will be, at any rate, much, much smaller than 1992.

[Gutierrez] I am not evading nor will I evade responsibilities. If a political trial were to reach the ultimate consequences, would you consider resigning?

[Gaviria] No. I have not considered that possibility. I do not believe anyone is seriously thinking about that. I feel good about the decisions I have made. I am willing to publicly provide every explanation asked of me. I am willing to provide them to the congress. Of course the president must respond politically, not for Pablo Escobar's escape but for all of his government's actions.

[Gutierrez] A year ago you told me that in your first year of government you had not had a single headache. What about the second year?

[Gaviria] I have been hurt by the unfortunate events that have occurred during this second year, especially the rationing problem and Escobar's escape, which have been very unfortunate situations for the government and for the country. [end recording]

President Gaviria also pointed out that the cost of living is leaning toward stabilization, economic possibilities are generating more supporters than dissenters every day, and that by the end of his mandate there will be a new pension system for Colombian workers.

Report on Production, Other Economic Indicators

PA0309031392 Santa Fe de Bogota EL TIEMPO in Spanish 27 Aug 92 p 11b

[Text] During the first five months of the year, the nation's production grew 1.68 percent, compared with the same period the year before.

If the coffee harvest is included, this figure climbs to 3.8 percent, according the monthly manufacturing indicator (muestra mensual manufacturera) put out by the National Administrative Department of Statistics.

The industry in Antioquia (Department) demonstrated exceptional activity during May that allowed the cumulative [production] for that department to reach 7.214 percent, slightly higher than that registered in April; 6.34 percent.

The industrialists from the Bogota-Soacha metropolitan area did not fare so well during May, as the slight tendency toward growth (0.13 percent) viewed up until then—including May—fell.

Meanwhile, the manufacturing sector of the Valle del Cauca upheld its steady growth at 3.91 percent.

An analysis of the nation's 29 industrial groups demonstrates 12 of these had a decrease in production.

The majority of the declines were seen in tobacco, petroleum by-products and coal, transportation equipment and materials that fell more than 9 percent.

Due to utilization or for economic application, the increases in the production of construction goods (6.94 percent), and of capital assets (6.93 percent) stand out. Consumers' goods [production] fell 1.17 percent.

The level of employment in the manufacturing industry rose 0.7 percent between January and May this year with regard to the same period in 1991.

There was a decline in temporary related jobs (3.01 percent) while permanent jobs increased 1.66 percent.

The coffee harvest's incorporation increased the level of employment to 0.87 percent.

The average true salary for permanently employed persons in the manufacturing industry grew 1.41 percent, while the incorporation of the coffee harvest brings it to 1.43 percent.

Peru

Fujimori Cancels Trip to Nonaligned Summit

PA0209145292 Lima Panamericana Television Network in Spanish 1200 GMT 2 Sep 92

[Text] The Government Palace Press Secretariat announced in a communique that President Alberto Fujimori will not travel to Jakarta, capital of Indonesia, to participate in the Nonaligned Movement Summit. Foreign Minister Oscar de la Puente Raygada traveled to Indonesia to represent the president. The Peruvian delegation's presence is in response to an invitation from the Indonesian ambassador some weeks ago. It has been reported the summit will discuss such topics as the foreign debt and weapons proliferation.

British TV Airs 'Shining Path Propaganda'

PY0209114492

[Editorial Report] Lima EXPRESO in Spanish, on page A2 of its 18 August issue, publishes in Manuel D'Ornellas column a 420-word commentary entitled "Shining Path on British Television." The column states that Channel 4 of British television on 16 August broadcast a program on Peru, which was rebroadcast by Nicolas Lucar on Canal 4 of Peruvian television.

The article states that the program was "unquestionably Shining Path propaganda." It adds that the documentary was very well prepared not only to make Abimael Guzman seem likable, but also to skillfully distort reality and maliciously withhold the whole truth. The article asserts that the program must have created "a negative impression about Peru" among British television viewers, and adds that this sort of program must be avoided because it is quite clear that "it was produced in coordination with Shining Path members who live in London and are headed by Peruvian Adolfo Olaechea."

The article points out that the Peruvian Government should take the necessary steps to prevent the Shining Path members who live in Europe, whose names it knows well, to publish newspapers and engage in politics on that continent. The article cites Luis Arce Borja, who lives in Belgium and publishes a Shining Path newspaper entitled THE INTERNATIONAL DAILY in three languages. The article concludes that the Peruvian Foreign Ministry cannot agree to this situation and should complain to the Belgium Government which, in this case, is an accomplice to the terrorism that exists in Peru.